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What is the strategy behind the Belt and Road Initiative? A study on Chinese investments in Europe.

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Abbreviations

AIIB – Asian Infrastructure Investment Bank

ADB – Asian Development Bank

BRI – Belt and Road Initiative

BRIF – Belt and Road Initiative Forum

BRICS – Brazil, Russia, India, China, and South Africa

CCCC – China Communications Construction Company

CCAWEC – China-Central Asia-West Asia Economic Corridor

CEEC – Central and Eastern European Countries

CGD – Center for Global Development

COSCO – China Ocean Shipping Company

CPC – Communist Party of China

CRE – China Railway Express

CRBC – China Road and Bridge Corporation

CSIS – Center for Strategic & International Studies

EBRD – European Bank for Reconstruction and Development

EU – European Union

Exim-Bank of China – Export-Import Bank of China

GDP – Gross Domestic Product

IADB – Inter-American Development Bank

ICC – International Commercial Court

MDB – Multilateral Development Bank

MoU – Memorandum of Understanding

MSC – Mediterranean Shipping Company

NDB – New Development Bank

NDRC – National Development and Reform Commission

NELBEC – New Eurasia Land Bridge Economic Corridor

PCCC – Power Construction Corporation of China

PRC – People's Republic of China

RDB – Regional Development Bank

SEZ – Special Economic Zone

SGCC – State Grid Corporation of China

SOE – State-Owned Enterprise

SRDB – Sub-Regional Development Bank

SRF – Silk Road Fund

TEN-T – Trans-European Transport Network

TITR – Trans-Caspian International Transport Route

TSI – Three Seas Initiative

USD – United States Dollar

Introduction

"Your next boss will be Chinese", this is the headline of the Trends magazine appeared in June 2019. The article highlights the growing China's presence in our day-to-day life, and particularly a fear of China buying the world (Thomas, 2019). Undeniably, the made-in-China era the world knew and the time of China's weak influence over the world are over. The president Xi Jinping has well understood the opportunity that hided itself behind its beloved nation. Showing great leadership within its own country, Xi Jinping intends to apply its methods globally and replace China at a central role on the political international chessboard. Most of its great outcomes, nevertheless, are a result of previous directives established by its predecessors.

In the late 1970s, Deng Xiaoping launched the "Reform and Opening-up policies" which was going to deeply change the situation and the issues that the country was facing (Defraigne, 2014). Prior to these policies, Mao Zedong had put China in a difficult position with a quasi-economic autarchy whereas the four Asian tigers around China were in the starting blocks ready to boom their economies. By opening up their countries to the world, these four Asian tigers had been good examples for China and have paved the way to a China's unprecedent growth. Two decades after the Deng Xiaoping's reforms and accepting investments within its own border, the Chinese government launched another reform: the "Go Out policy". In brief, the goal was to counteract the rise in power of multinational corporations in the world. For this, they created Chinese national champions and pushed them to go abroad. It took time to see the results, but Chinese overseas investments surged in the mid-2000s (Duncan, 2006). A lot of Chinese investments have followed in Europe, and generally, countries were welcoming them. However, that was not necessarily accompanied with great acceptance nor with a larger support toward China on the international stage.

In the EU-China strategic outlook's paper, in 2019, China was described as a cooperation and negotiating partner for certain aspects, but also as an economic competitor regarding the quest for technological leadership and a systematic rival for its models of governance (European Commission, 2019). A skepticism about China's methods and its real intentions behind its investments is present. Even in Louvain-la-Neuve, the new China Belgium Technology center, attracting several Chinese companies and thousands of Chinese citizens,

is not perceived as a good project by all (Masquelier, 2018). At the EU's scale, leaders want to take stronger measures by implementing an EU screening framework which aims to scrutinize foreign direct investments, including those of China. Chinese's investments can be in the form of rent seeking, resource seeking, market seeking, and above all, strategic asset seeking (Defraigne, 2014). The latter is especially the reason why the EU members would like to implement a screening framework in order to protect European strategic assets in the face of a superpower in search for new technological capabilities.

These days, Chinese investments are still triggering debates, however, they seem to be turned toward the Belt and Road Initiative. It corresponds to the last global strategy that China is trying to implement all over the world. The initiative can be seen as an extension of its previous Go Out policy promoting Chinese companies abroad and cooperation among nations. Beyond critics, it is first essential to understand what the Belt and Road initiative is really, from the point of view of the Chinese Communist Party as well as from external views in order to find out its potential hidden intentions. In the second place, there will be a closer look at the related investments in Europe to analyze what the China's strategy for implementing this initiative is, whether it is a means to obtain strategic assets or a response to its current challenges.

"*I could almost hear the camel bells echoing in the mountains and see the wisp of smoke rising from the desert*." (Xi, 2013, para.2)

Part A: The Belt and Road Initiative

The Belt and Road Initiative is a global, wide, and flexible long-term strategy. It became a priority for the Communist Party of China (CPC) since the strategy was included in the 13th Five-Year Plan for Economic and Social Development in 2016 (Central Committee of the Communist Party of China, 2016). A plan which guides the economic policies of the People's Republic of China and defines the different objectives and measures for the next five years. One year after, the 19th CPC National Congress decided to incorporate the BRI in the Constitution (Xinhuanet, 2017a). Yet, before the BRI was mentioned in the 13th Five-Year Plan or incorporated in the Constitution, the strategy was already present in the thoughts of the CPC leadership for a long time and particularly in Xi Jinping's.

1. The Ancient Silk Road: when the present meets the past

On September 7, 2013, President Xi Jinping was in Kazakhstan for a state visit. He was accompanied by the former Kazakhstani President Nursultan Nazarbayev. On the same day, at Nazarbayev University – in Astana, Xi Jinping gave a speech which was going to profoundly change the vision we have of the world. According to him, common development and cooperation between the People's Republic of China (PRC) and Eurasian countries is a gold opportunity which will benefit to all their people. Xi Jinping wants to "*forge closer economic ties, deepen cooperation and expand development space in the Eurasian region,* [the PRC and Eurasian countries] *should take an innovative approach and jointly build an economic belt along the Silk Road.*" (Xi, 2013, para. 19). The New Silk Road also known under the name of "the Belt and Road Initiative (BRI)" had officially been launched. It was the first time that the initiative was concretely mentioned by the Chinese leadership; the core of the initiative is the creation of a new economic belt which refers to the Ancient Silk Road, where Kazakhstan sits in the middle of it.

The long history of partnership between China and Eurasian countries have been shaped by this Ancient Silk Road and had a huge impact on the development of world civilizations. For centuries, civilizations had been growing with their own culture and goods, but that was changing. Back then, the exchange of goods was becoming increasingly central in their economies, and civilizations somehow sought to grow the exchanges. Therefore, travels for

trade throughout the Eurasian continent began. The “Silk Road” was then the name given to a network of several trade routes connecting the West and the East (see Annex 1). The network connected key regions of the ancient world, notably China, India, Arabia, Egypt, Greece, and Rome. Many different merchandises have been traded between these regions, among the most popular ones: the Chinese silk, which gave its name to that network of routes – the Silk Road (Mark, 2018). The main goal of travelling along these Silk Routes was for trade. Additionally, it helped to connect and develop some remote regions. Indeed, the routes were more than just corridors for commerce, they enabled a fast development of the world, and the exchange of cultures, knowledge, and know-how (id.).

In that optic, the PRC, under the directives of Xi Jinping, is building up a New Silk Road which takes the shape of some of the ancient routes. It should strengthen the exchanges and the cooperation of nations along this New Silk Road and beyond. Xi declared that for 2000 years, exchanges throughout the Eurasian continent were based on solidarity, mutual trust, equality, and inclusiveness (Xi, 2013). In his vision, it is essential to continue in that same direction with an emphasize on win-win cooperation, peaceful development, and respect in domestic policies, i.e., no domination nor interferences in national policies. Those will remain the core values of the strategy.

2. Vision and actions of the strategy

The New Silk Road suggested by Xi is a long-term strategy which is going to guide the foreign policies of the People's Republic of China for the next decades. Yet, this new strategy did not make itself wait. Few months after its famous speech at Nazarbayev University, Xi met Russian President Vladimir Putin in order to deepen their relations. It was the occasion to introduce to Vladimir Putin the plan of the New Silk Road too. They, eventually, reached an agreement about working together on the construction of this New Silk Road, starting with Russia’s Euro-Asia Railways (Larçon, 2017). The Russian railways are well-known for the Trans-Siberian route. Initially for crossing the Siberia, from Moscow to Vladivostok (in Russia), the Trans-Siberian route is now connecting St-Petersburg and Beijing as well (see Annex 2). Today, there is a need for renovation and modernization of the Russian railways, so Beijing decided with Moscow to invest in large-scale projects in the eastern part what would guarantee the growth of transit and rail transportation between the two capital cities (Russian Railways, n.d.).

Following the meeting with Vladimir Putin, other state visits of the PRC have been led over the world, with a priority on the deployment of the New Silk Road. In addition to this Silk Road Economic Belt, a Maritime Silk Road was also mentioned. Nevertheless, the idea of new maritime routes is not something new. During the 9th China-ASEAN Expo, Xi (2012) stated the idea of building a maritime connectivity network in the region and said that the PRC was already prepared to invest in port industries and maritime logistics. Despite the numerous state visits across the region, there was still a lack of understanding about the whole strategy. The Silk Road Economic Belt and the Maritime Silk Road needed a clear framework.

In March 2015, the National Development and Reform Commission (NDRC), Ministry of Foreign Affairs, and Ministry of Commerce of the PRC (2015) issued a document describing the vision and the actions of the strategy. The word which appears the most in this document is cooperation. Indeed, the PRC needs to work with the other nations because it cannot set up this gigantic project alone. The project's main goal is to promote connectivity and create a network between Asia, Europe, and East Africa. For this, every nation within the BRI scope should establish or reinforce partnerships between them (id.). Yet, the project is open to everyone and very flexible. According to this official document, special administrative regions, Hong Kong and Macao, should be part of it, even the Taiwan region whereas ties between Taiwan and the Chinese Communist Party are still tense. In addition to cooperation and partnerships, communication is important. Governments must continue to dialogue with each other in order to enhance policy coordination considering the interests of each parties. Moreover, international forums (e.g., the BRI Forum), summits, and exhibitions will help to better communicate the strategy to nations and organizations (id.).

Concretely, the Belt and Road Initiative is going to develop the infrastructures of the regions involved: hard infrastructures with roads, railways, ports, pipelines, optical cables, etc., as well as soft infrastructure with agreements, new institutions, and so forth. A network of land, sea, and air will be created to enable the facilitation of trade and investment. This network will have, in theory, free trade areas linked together with high standards and security. It will reflect not only economic ties between the nations, but also trust and mutual exchanges – cultural exchanges, academic exchanges, personnel exchanges, and so on. It goes beyond economic benefits. The BRI cooperation will enable to enhance tourism, sport, science and technology, and even exchange of prevention and treatment technologies in case of epidemic (id.).

All of this is translated into five cooperation priorities:

1. **Policy coordination**: Organizing national and local policies of recipient countries to better implement the BRI and promoting intergovernmental cooperation.

2. **Facilities connectivity**: Facilitating the connectivity between the countries by developing hard and soft infrastructures.

3. **Unimpeded trade**: Enhancing international trade and investments with the reduction of barriers and the promotion of regional economic integration.

4. **Financial integration**: Harmonizing existing financial institutions and set-up new ones to support the project.

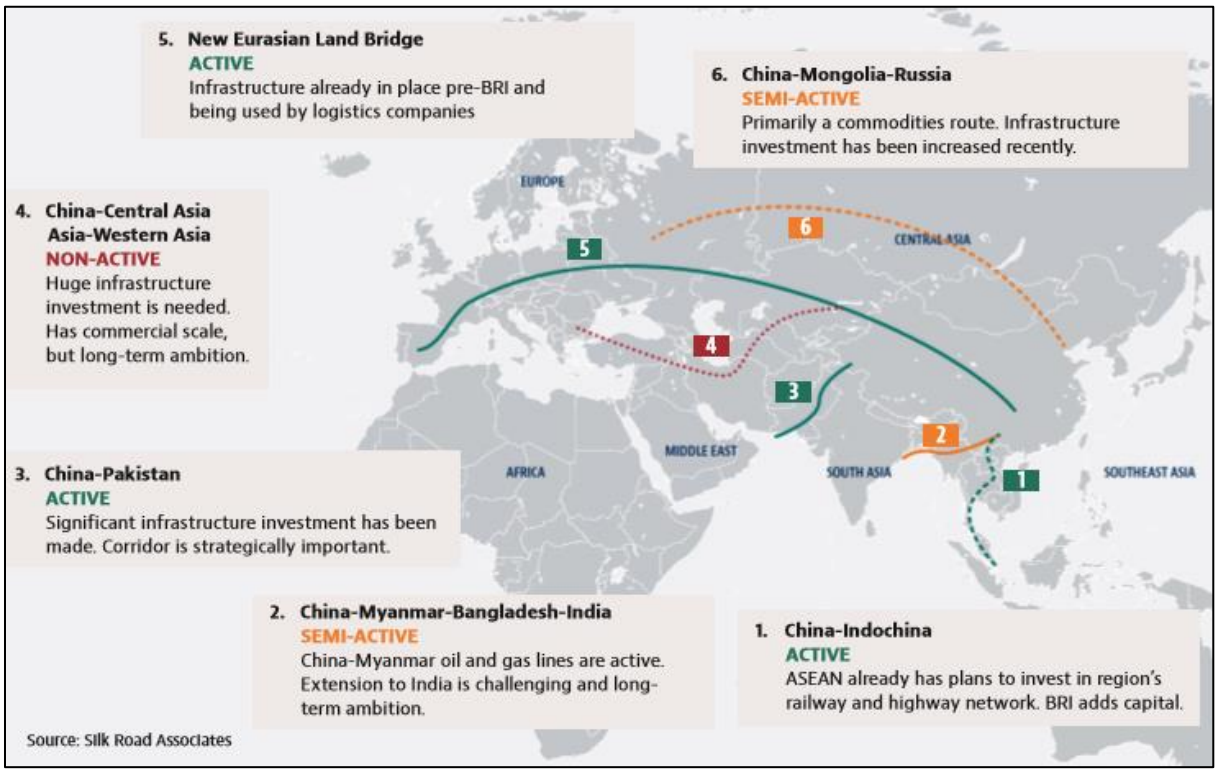
5. **People-to-people bonds**: Exchanging cultures and knowledge between people with a mutual learning and closer ties.

3. A connectivity through corridors

Originally, Xi Jinping's grand vision of reviving the Ancient Silk Road comprised One Belt – the Silk Road Economic Belt, and One Road – the 21st Century Maritime Silk Road (see Annex 3). "One Belt, One Road strategy" was a name frequently used to define the Belt and Road Initiative. Nevertheless, the strategy has evolved, several new projects have been added and some existing projects like the development of China-Europe Railways have been encompassed in the strategy. The term One Belt, One Road should then be forgotten according to the Chinese leadership because it leads to misinterpretations about the number of corridors (Stanzel, 2017).

Today, the strategy implies six land roads (see figure 1) and one maritime road going from Chinese ports to the Mediterranean Sea, passing through the disputed East and South China Seas, the Southeast Asia region, the Strait of Malacca, the Indian Ocean, the Arabian sea, the East African coastline, and the Suez canal.

Figure 1: BRI's six economic corridors



Source: (Baker Mckenzi, 2017)

The corridors cross territories governed by different countries except for the China-Pakistan corridor. Theoretically, the PRC does not seek to dominate nor impose its own rules, it rather lets a room of manoeuvre for nations to manage their own domestic policies linked to the BRI. As a result, the exact route of most corridors is not precise and evolves. It is the case for the New Eurasian Land Bridge Economic Corridor (1.) in which infrastructures are well developed. The intention with this corridor is to reach Europe, but the exact route will depend on the relations the PRC maintains with the European countries. Another case is the China-Central Asia-West Asia Economic Corridor (4.) which is not active and needs huge investments in infrastructure. This corridor passes through unstable and risky regions, and its route may shift accordingly. Overall, policy coordination, which is the first priority cooperation (see chapter 2), remains crucial, with naturally a respect of domestic policies.

Lately, the PRC has been talking about a new corridor in the Artic region. An "Artic or Polar Silk Road" which passes through the Bering Strait and follows either the Russian coastline to reach Europe or the Canadian coastline to reach the American continent (see Annex 4). This corridor is now possible because of the melting ice of the region, particularly in summer. The

State Council Information Office of the PRC (2018) issued a document explaining China's Artic Policy and its intentions of developing this Artic Silk Road. In addition to the maritime routes, the PRC would help and invest in scientific research to analyze the melting ice problem of the region due to global warming (id.). In the end, the new Artic Silk Routes will challenge the traditional maritime routes and transit points. That would be an opportunity for the PRC to take another route, and for example, bypass the Strait of Malacca which is among the busiest waterways in the world (Hirst, 2014). More importantly, the control of some regions in the Artic could ensure the access (notably for the PRC) to the precious reserves of oil and gas (Jørgensen-Dahl, 2010).

4. An ambitious project at risk

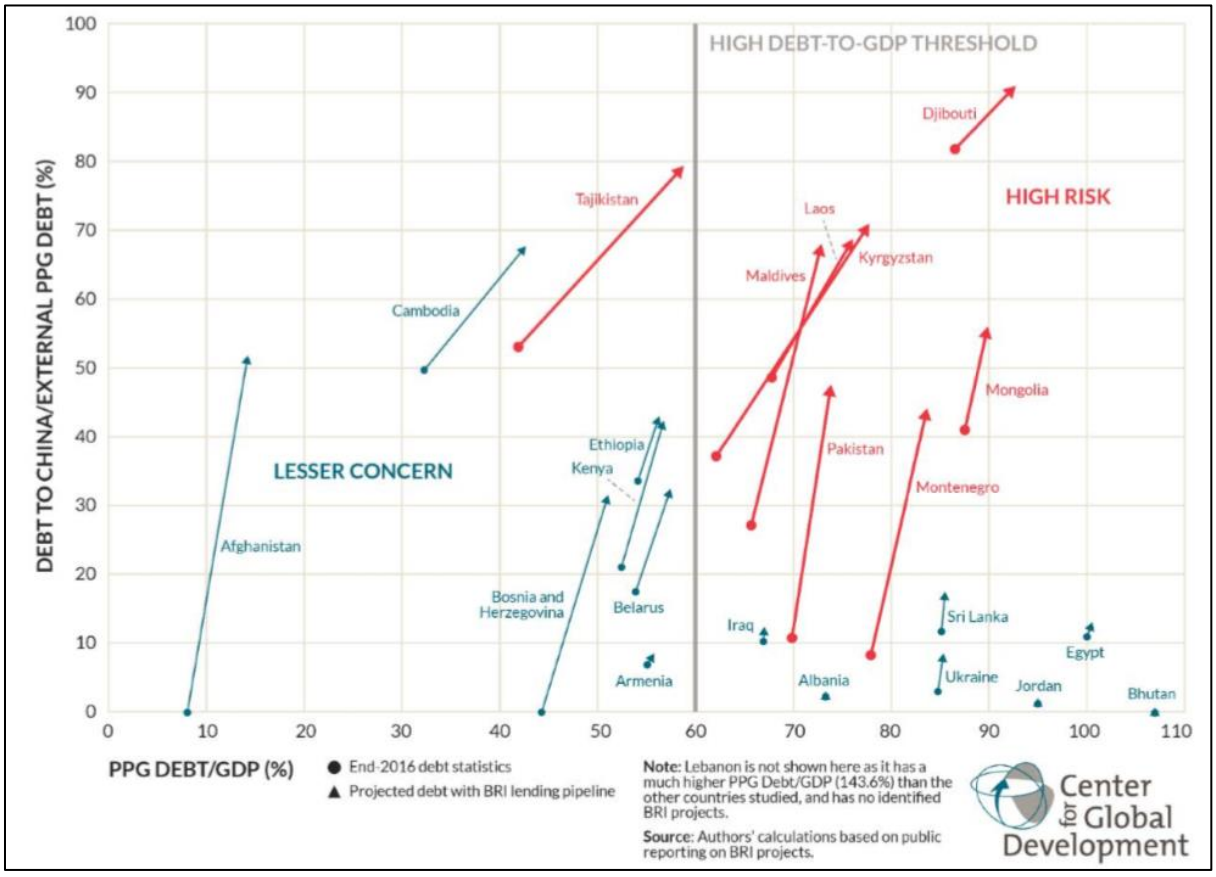
The BRI is an ambitious project in terms of vision, actions, geographical scope, and financial flows. It is a gigantic project which is still at its beginnings and evolves. As a result, the former dimensions are difficult to evaluate precisely.

Unquestionably, it is one of the largest international plans for economic integration, connectivity, and development. Some scholars even compare it to the Marshall Plan – the massive foreign aid which Western European countries received after the Second World War. However, put into perspective, the Marshall Plan was relatively more significant than the BRI in terms of combined Gross Domestic Product (GDP) of countries involved (Carrai, Defraigne, & Wouters, 2020). More recently, the EU accession funds during the period of the EU's enlargement, between 2000 and 2006, shows the same outcome (id.). Still, there is a craze about the BRI. While no precise budget is dedicated to the strategy, media release figures which can vary from one trillion to height trillion USD over the period of 2013 - 2049 (Hillman, 2018a). It seems that the figures are often overestimated when it comes to blame the PRC about the possible debt risks related to those investments. However, when it comes to criticize Beijing about its lack of actions, figures tend to be reduced. As for example, the American Enterprise Institute and Heritage Chinese Global Investment Tracker estimated that Chinese construction and investments counted for approximately 345 billion USD between 2014 and 2017 (Joy-Pérez & Scissors 2018), far from the one trillion USD projected. From another point of view, for the next decades and depending on the scenario (see Annex 5), the amount could peak at 1.32 trillion USD if nations collaborate on win-win BRI solutions or 60 billion USD at

most if global protectionism regains the upper hand (Baker McKenzie, 2020). What is certain is that a lot of money is at stake due to the much-needed infrastructure projects that the strategy considers. While most developed countries may afford new infrastructure projects, developing countries may struggle to recover the costs. For them, the costs could be too high what will make them fall into a debt trap. Indeed, The BRI could provoke serious problems in the long run if the borrower country does not generate enough revenue or does not have a sufficient economic growth (Sturzenegger & Zettelmeyer, 2006).

The Center for Global Development (CGD) analyzed in 2018 BRI recipient countries' public debt compared to their GDP. It goes without saying that a risk analysis related to the BRI must be analyzed deeper, country by country. Nevertheless, the analysis conducted by this research center provides an overview of the potential countries at risk. Among them, 23 countries demonstrated having a highly vulnerable debt distress which can intensify (see figure 2), and 8 of them (in red) seem to dive into a debt sustainability problem due to BRI-related funding.

Figure 2: Immediate marginal impact of BRI lending pipeline according to the CGD



Source: (Hurley, Morris, & Portelance, 2018)

In Europe, six countries possess a highly vulnerable debt distress: Albania, Armenia, Belarus, Bosnia and Herzegovina, Ukraine, and finally, Montenegro which is highly at risk. Yet, given their current economic and developing situation (Gorzelak, 2019), these countries need to invest in infrastructure projects. Infrastructure improvement is one of the main factors for economic growth and development. The reason is that infrastructure effects have good impacts on productivity, employment, access to markets, transaction costs, etc., provided that the population or investing firms are able or willing to use those infrastructures (Todaro & Smith, 2011).

With a critical regard, the CGD seems to be a very partisan source. Its Board of Directors is composed of members or former members of the IMF, World Bank, etc., with an interest in development, but also in Western values. Some of them have participated in the last American administrations too (CGD, n.d.). Therefore, given the current battle between the US and China for a global influence and the skeptic view that the West could have over China, the center might be biased and more inclined to expose the risks of the initiative rather than the benefits.

Truly, the PRC has in some cases taken over the control of the territory or the infrastructure. Some defines it as a "debt trap diplomacy", it is the case when Sri Lanka leased the Hambantota port to repay a part of its loan (Fernholz, 2018). Now, Beijing will be in control of the port for 99 years what entailed protestations from the citizens (BBC, 2017). But the seizure of assets is rather rare whereas debt renegotiations and distress are common. And, renegotiations are more often in favor of borrower countries despite China's leverage, sometimes the debt was forgiven when the borrower could not maintain its debt obligations (Kratz, Feng, & Wright, 2019).

McKinsey & Company (2013) estimated that with best practices, i.e., quality and good planning of infrastructure projects, the efficiency gains could be up to 40 % what would partly resolve the debt trap issue. Those best practices can be transmitted thanks to the support of Multilateral Development Banks and thanks to their assistance in the project preparation and other technical aspects (Humphrey, 2015). Moreover, existing MDBs or other new institutions could help the PRC to not bear all the costs and mitigate the risks linked to investments.

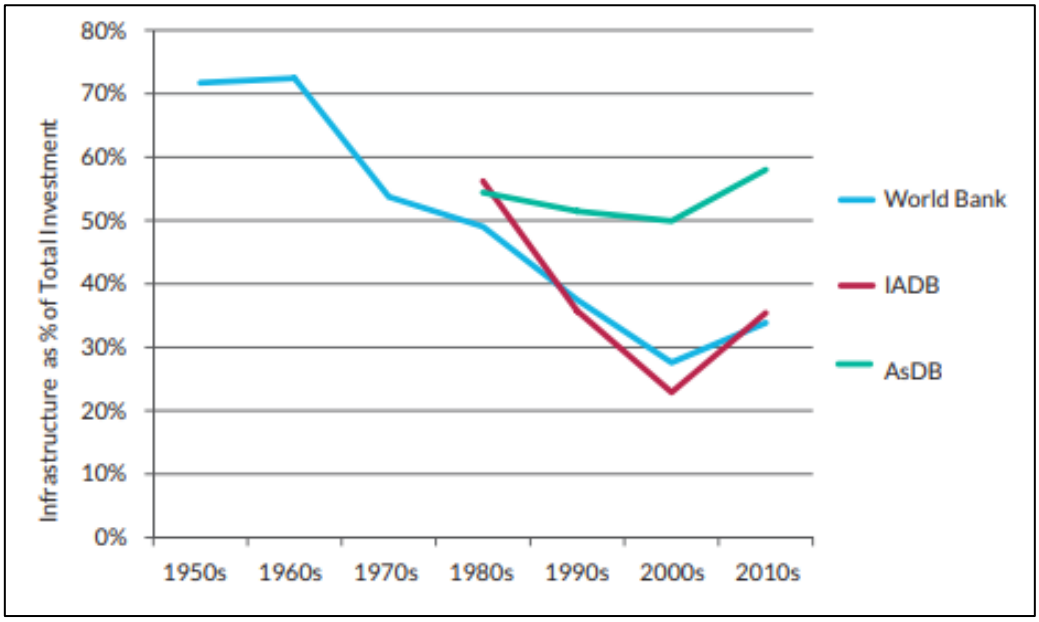
5. New institutions supporting the project

The creation of global institutions is essential to ensure the effective process of the strategy. The latter relies on large investments, and the current financing system may not be ready to fully support this kind of project.

Currently, Multilateral Development Banks (MDBs) help emerging and developing countries, including many participating countries of the BRI, by offering financial assistance in two ways. Firstly, they provide loans and grants to large infrastructure projects, or other projects which promote economic and social development such as port facilities, power plants, highways, or even education and health. Secondly, they can give "policy-based loans" which are loans given to a government in exchange for specific policy reforms within their country, e.g., privatization of some industries, reform in the electricity sector or in agriculture, etc. (Nelson, 2020).

The World Bank, the Inter-American Development Bank (IADB), and the Asian Development Bank (AsDB or ADB) are among the MDB leaders. They have long played an important role in the development of infrastructure in the world. Nonetheless, the percentage allocated to infrastructures has significantly decreased since their creation (see figure 3), except for the ADB which has recently bounced back.

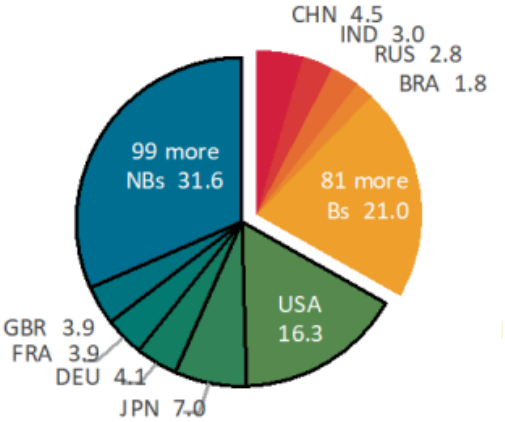
Figure 3: Infrastructure as % of total investment commitments of some MDB leaders



Source: (Humphrey, 2015)

The priority of MDB policies shifted to more programmatic and policy operations at the expense of infrastructure projects, specifically physical infrastructures. This shift may not be the right solution for the development of certain economies nor for the BRI, but it especially intensifies debates on the role of MDBs. Some critics arose that they were following their own interests and imposing rules and policies that might affect the efficacity of a project (Humphrey, 2015). Policy-based loans have indeed the particularity that they can shape the borrower country to the lender's interests. Furthermore, the balance of power is an issue within MDBs. A study from the Global Development Policy Center conducted by Rebecca Ray (2019) have demonstrated that an inequality was present in the MDBs' distribution of power, in particular with global MDBs such as the World Bank. The distribution of power among members of the International Bank for Reconstruction and Development (which is part of the World Bank group) shows this inequality (see figure 4).

Figure 4: Basic vote of members of the International Bank for Reconstruction and Development



Source: (Ray, 2019)

Borrowers in warm colors do not have the same proportion of power as creditors in cool colors. In addition, the USA seems to largely dominate with its vote share of 16.3 % and its veto power. More surprisingly, with some mechanisms, 13 members out of 189 can easily obtain the majority (Ray, 2019).

The governance of major MDBs follows the same trend while Regional Development Banks (RDBs) and especially Sub-Regional Development Banks (SRDBs) seem to have a more equal distribution giving a greater voice to borrowing countries (id.). Usually, the power of MDBs is held by few industrialized countries, and very often emerging or developing countries are left behind in the decision-making process. For this reason, many RDBs and SRDBs have been

emerging. For instance, the IADB and the ADB were created as countervailing institutions of the World Bank. Although these RDBs have promoted a more regional strategy, a great number of RDBs and SRDBs is still growing in response of the existing Development Banks. There is a constant unsatisfaction from developing nations regarding the supply of loans and the inequality of power, with as consequence the creation of new Development Banks every three years on average (Kellerman, 2018).

5.1 The New Development Bank

The unsatisfaction is all the more present with emerging countries: Brazil, Russia, India, China, and South Africa (better known as the BRICS nations). They are often under-represented on the global stage while they count for more than 23.5 % of world GDP (World Bank, 2018), and some of them perform better than most G7 countries in terms of GDP. To counter Western-dominated institutions, one of the BRICS' initiatives was to launch the New Development Bank (NDB) which aims to: "*mobilize resources for development projects in BRICS, emerging economies and developing countries.* [It] *starts with an objective of funding infrastructure projects in developing countries and meeting aspirations of millions through sustainable development."* (NDB, n.d.a, para. 1).

This new Regional Development Bank, with an equal distribution of power among members, helps BRICS nations to regain control over their development projects. The NDB will, in theory, counter the tendency of MDBs to decrease the percentage of funds dedicated to infrastructures which was explained at the beginning of the section. Even though the NDB has not specifically been built up for the BRI – there is no specific mandate on the creation agreement (NDB, 2014), it arrives at the perfect time to support the initiative and fund BRI-related infrastructure projects. Zhu Xian, the NDB Vice President, affirmed that "*the NDB can currently provide inter-connectivity between China and Russia as the first step to support the initiative*." (Belt and Road News, 2019, para. 23). To date, there is no clear connections between the BRI and investments funded by the NDB in Russia nor projects in the other BRICS nations (NDB, n.d.b). However, leaders of the NDB strongly support the BRI, and with China and Russia directly part of the BRI scope (see chapter 2), it will not be surprising to see more connections in the future.

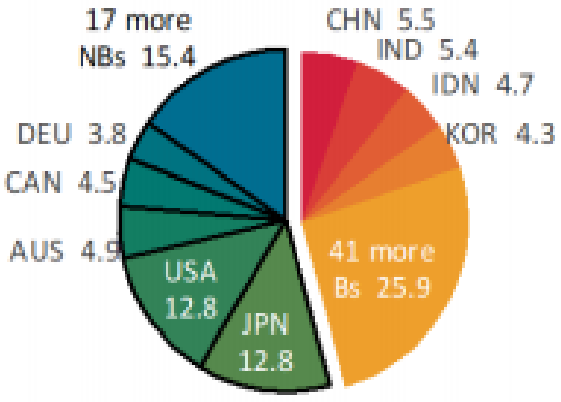
5.2 The Asian Infrastructure Investment Bank

Another RDB playing a more noticeable role in the BRI is the Asian Infrastructure Investment Bank (AIIB). This new China-led Multilateral Development Bank has a purpose of: "*improving social and economic outcomes in Asia.* […]*. By investing in sustainable infrastructure and other productive sectors in Asia and beyond,* [the AIIB] *will better connect people, services and markets that over time will impact the lives of billions and build a better future."* (AIIB, n.d.a, para. 1). Again, this new financing mechanism can be seen as a response to the existing MDBs and their issues previously discussed: the decrease in percentage of investments dedicated to infrastructure and the inequality of power distribution.

As a matter of fact, the AIIB and the ADB are similar. They are both RDBs focus on infrastructure projects in Asia, and most regional members of the AIIB are also part of the ADB (see Annex 6). Yet, the ADB was established as a countervailing institution to the World Bank whereas the AIIB is likewise a countervailing alternative to the ADB. Because, the ADB failed to prioritize the wishes of Asian countries for two main reasons.

Firstly, the ADB should have been composed of Asian nations exclusively, according to the ADB' s first President Watanabe (Kellerman, 2018). However, it can be seen on the figure 5 that the USA possesses a large part of the vote (12.8%) and other Western countries have a significant part too. Their incorporation into the ADB is due to their capital contribution which was necessary at the creation of the bank. Then, even though USA and Japan do not have effective veto power, somehow, they can jointly block some decisions (Ray, 2019).

Figure 5: Basic vote of members of the AIIB



Source: (Ray, 2019)

Secondly, founding members agreed to concentrate investments in the agriculture, infrastructure, and agro-industrial production sector, but the ADB, over the past decades, failed to do so (Kellerman, 2018).

For these reasons (and some others), regional states have been unsatisfied with the operations led by the ADB. A proposition to find an alternative had emanated from several countries. But the lead, unlike the NDB, has mostly been taken from China. Xi Jinping officially announced the upcoming establishment of the AIIB during its talks with the Indonesian President Susilo Bambang Yudhoyono in 2013 (Embassy of the PRC in the Islamic Republic of Pakistan, 2013). Clearly, the AIIB is part of the Xi's vision regarding the BRI and will encourage the construction of connectivity and the process of economic integration.

Since its creation in 2015, 80 countries and 22 prospective countries joined the bank (AIIB, n.d.b). Nations would rather be inside of it, receiving a share and monitoring investments, than out of it. Yet, the Obama administration stood against it. Today, the United Stated is still not a member of the bank and will unlikely to become one (Kellerman, 2018). The US which has long led the MDBs with notably the World Bank and the ADB is then going to lose a part of its global influence. Another great power against the AIIB is the other leader of the ADB: Japan. The two nations are among the first to not support the AIIB and to emphasize the problems of its business practices.

Prior to get access to MDB financing, borrowers must usually face an extensive process and a range of requirements including strict safeguards on social and environmental problems, and rigorous control on how resources can be spent (Humphrey, 2015). The AIIB wants to address those concerns by accelerating the process and get rid of the common bureaucratic loan approval process as well as most of the environmental and social conditions related to it (Kellerman, 2018). That is why the US, Japan, and some observers are worried about. The AIIB could pose a serious threat to the quality of investments along with environmental and social matters whereas the AIIB (and the NDB) has an objective of developing infrastructure in a sustainable way. Eventually, the persistent proliferation of MDBs and their overlapping functions could lead to increasing those threats because it would generate a competition among them with a purpose of attracting investments (id.).

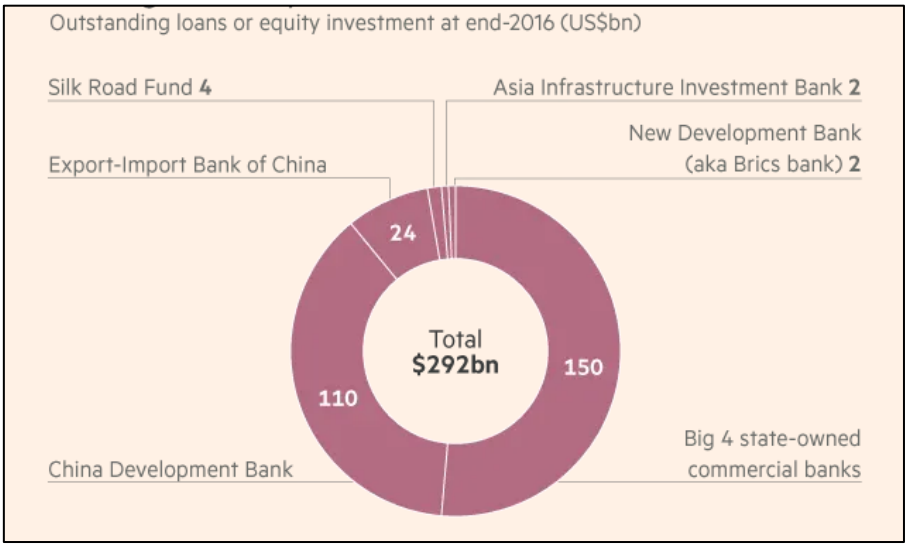
5.3 The Silk Road Fund

Additionally, a development and investment fund named the Silk Road Fund (SRF) was established in Beijing. The SRF took shape with the help of Chinese State-Owned Enterprises (SOEs) in 2014 (Silk Road Fund, 2014). The fund is not an MDB per se, but it operates as such and collaborate with diverse multilateral institutions. Its purpose is clear, it highlights the support of the BRI: *"Promoting common development and prosperity of China and other countries and regions involved in the Belt and Road Initiative."* For this reason, "[The Silk Road Fund] *invests in infrastructure, resources and energy development, industrial capacity cooperation and financial cooperation."* (Silk Road Fund, 2014, para.2-3).

5.4 Reality check

To summarize, the NDB, the AIIB, and the Silk Road Fund are the institutions in which China will be able to increase its global influence and develop infrastructure projects related to its BRI. Researchers and journalists often describe them as the three pillars supporting the initiative. Nevertheless, the Financial Times estimated at the end of 2016 (three years after the official launch) that those three pillars contributed to 8 billion USD which corresponds to less than 3 % of the total funding for the BRI. Obviously, it is difficult to assess the exact amount of investments because of the large scope of the BRI and the lack of a clear program. What is certain is that Chinese State-owned banks are the big funders (see figure 6).

Figure 6: Funding for BRI by source



Source: (Financial Times, 2017)

Funding accorded by the other traditional MDBs or Funds must not be forgotten as they correspond to a significant amount of investments as well. Those investments are projects which are integrated in the BRI scope whether they want it or not. For example, the Infrastructure Connectivity Projects in Myanmar is supported by the ADB (Ying, 2019) meanwhile it contributes to the China-Myanmar-Bangladesh-India Economic Corridor.

Finally, previous MDBs will have to keep on cooperating with the new Chinese-led institutions as they did when they signed, together with the Chinese government, an agreement on the intention of supporting the BRI (ADB et al., 2017). Because, a competition between MDBs is not in the interest of Western-dominated MDBs which want to keep a certain level of quality, including environmental and social standards, in the funding of projects.

6. An increasing participation with unclear adhesions

New institutions are supporting the initiative as well as countries and international organizations. The initiative remains open to everyone covering the zone of the Ancient Silk Road and beyond (NDRC et al., 2015). Initially, 65 economies were involved in this project, primarily from the Eurasian continent (see Annex 7). Over the past years, the scope has been broadened to over 130 countries (see figure7).

Figure 7: Countries which have signed BRI co-operation agreements

Source: (The Economist Corporate Network, 2019)

Numerous African countries and Latin American countries decided to get on board although they are geographically far from the BRI's six main economic corridors. Many international and regional organizations followed the United Nations Development Programme which was first international organization to join the BRI in 2016 (UNDP, 2020). This ongoing enlargement is easily possible because of the character of the project. The Belt and Road Initiative is a global strategy, a concept rather than a trade agreement. There is no official treaty which indicates the belonging to the initiative. There exist some documents, though (see section 6.1), but it is difficult to assess the exact number of economies, countries, or organizations really involved. Implicitly, you become part of the project once you accept large Chinese investments, mainly from the infrastructure sector or when you agree to collaborate with China to the good achievement of the project. Indubitably, it is more complex and ambiguous. Because, many other sectors are included in the strategy, and international organizations or alliances sometimes overlap the competencies of a country.

6.1 Agreement documents

Nevertheless, in order to ensure a virtuous collaboration within the BRI, the parties involved often sign, with China, either a cooperation agreement: *"a document by which parties commit to working together to reach a common goal*" (Legal Dictionary, 2017, para. 4), or a Memorandum of Understanding (MoU): "[a document which] *describes the terms of an agreement without being legally binding or involving the transfer of finances*" (Legal Dictionary, 2017, para. 4). These two documents formalize the cooperation but remains vague regarding their obligations. As mentioned above, the documents are not an official legally binding treaty like a trade agreement. In other words, signing a MoU instead of a trade agreement has implications regarding the responsibilities of each parties. Within the MoU, no real obligations are mentioned, everything is based on maintaining good relationships between the signatories. In the same vein, modes of cooperation highlighted in the document are mostly exchange of visits and dialogues.

To illustrate this, at the article V point V. of the MoU between the government of the state of Victoria of Australia and NDRC (2018), it is cited that the "*MoU does not create legal relations or constitute a legally binding contractual agreement between the parties*.". It means that in case of differences, there is no concrete way of litigation nor an entity in charge of it such as

with the World Trade Organization and its Dispute Settlement Body. Indeed, "*the Parties will settle differences […] through friendly consultations*.", article IV. (id.).

Still, differences between parties might be arduous to appease. For this reason, the Supreme People's Court of the PRC has lately established two new International Commercial Courts (ICC), one for the land economic corridors in Xian, and another one for the maritime corridor in Shenzhen. Their goal is to mitigate and resolve disputes about BRI-related projects. Not only Chinese parties can appeal to these ICC, but also foreign parties (Freshfields Bruckhaus Deringer, 2018). However, nothing is declared in the MoUs about these new ICC, they are too recent. This international judicial system will take time to be fully implemented and may take even more time to be legitimized by the international opinion as it is a Chinese initiative with Chinese institutions resolving possible conflicts related to the new Chinese strategy – the BRI.

Eventually, another concern rose about those forms of partnership. The fact that, in some cases, agreement documents on the collaboration of the BRI was signed in a bilateral way. Some may argue that it is part of its plan "Divide and Conquer". It is, however, not certain whether China intends to implement this kind of strategy, albeit, in the last example, it is the state of Victoria which signed the MoU and not the sovereign country of Australia as a whole. While the government of Victoria saw the project as an occasion to boom the trade, Australia's official stance was against it (Kilbride, 2018).

6.2. European participating countries

By looking closer at the New Silk Road, it is obvious to see that China is connecting the dots. The BRI is linking the Eurasian continent entirely with key regions for commerce and international trade. From the very beginning of the Asian part with Chinese cities such as Dandong, Hunchun, Ningbo, and Shanghai, to the end of the European part with Rotterdam, Madrid, and London. The Silk Road Economic Belt cross plenty of countries. One can assume that the signatory of an agreement under the framework of the BRI would make the country participating to the initiative and legitimize it.

In Europe, 24 countries have originally been part of the BRI (see annex 7). This list of 24 countries include the so-called 16 + 1 initiative (or cooperation) which aims to deepen the cooperation between China and most of Central and Eastern European Countries (CEEC).

However, the 16 + 1 cooperation has recently been transformed into the 17 + 1 cooperation with the addition of Greece during the Dubrovnik Summit in 2019 (China & CEEC, 2019, 2.4). This cooperation has enabled the PRC to increase its influence in the region notably with 12 measures that aims to move forward economic and cultural cooperation, trade, academic exchange, and so on. It is a platform which also helps to promote the BRI and infrastructure projects in which the PRC pledged billions of dollars in investments and loans especially through the China-CEE fund. Many European head of states then understood the importance of collaborating with China for the BRI and thus, other countries followed the first 24 participating countries:

In 2018, the Austrian President Vanderbilt and Chinese President Xi Jinping established a friendly strategic partnership. They together signed a joint statement which emphasize their bilateral collaboration in many fields, such as transportation, innovation, sustainability, financial services, etc. (Jingjing 2018), plenty of sectors and projects under the framework of the BRI. Moreover, Austria obtained the status of observer in the 17 + 1 cooperation what is understandable given its proximity and its economic relations with the countries involved. The same year, Portuguese Prime Minister Antonio Costa validated a MoU in order to collaborate on the construction of the BRI. Portugal and the PRC have a long historical relation based on trust and cooperation with which Portugal hopes to push forward China-Europe relationships (Ministry of Foreign Affairs of the PRC, 2018). Furthermore, a MoU was signed between Cyprus and the PRC in 2018. Instead of having a cultural relationship, the states will work on new practical and strategic relations under the BRI (Nicolaides, 2019). In the same vein, Malta signed a MoU with China aiming to strengthen cooperation between the two nations (Embassy of the PRC in the Republic of Malta, 2018).

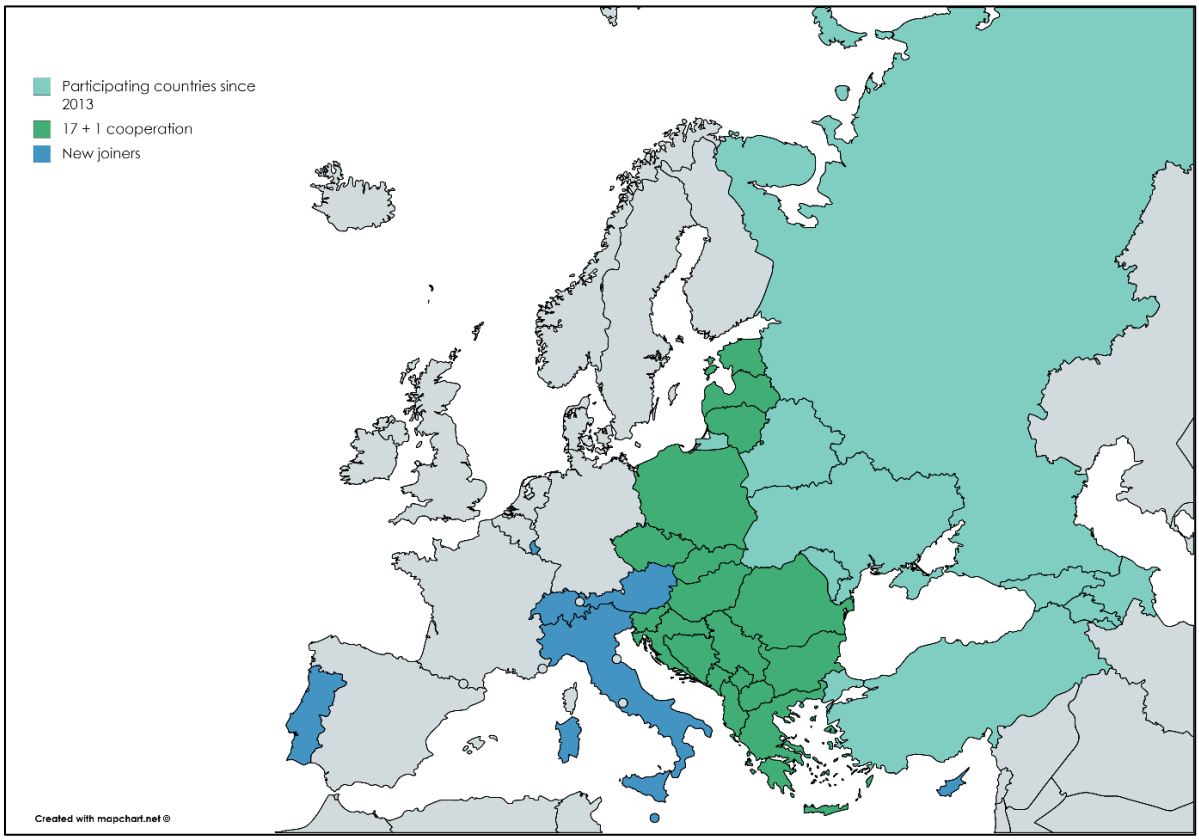
In reality, the agreement documents signed cover a myriad of fields, they are not limited to the BRI. The cases of Luxembourg and Switzerland can bring to light this aspect. For 40 years, Luxembourg has been a continental hub for Chinese banks, seven of them established their European HQ there (Chinalux, 2019). It is a leading European RMB center which help people in China to invest in Europe and vice versa. In 2019, China and Luxembourg signed a bilateral MoU related to the BRI (id.). In parallel, the former Swiss President Ueli Maurer confirmed its support to the BRI by signing a MoU too when he was on a state visit in the PRC. The MoU focuses on financial and economic matters (Ameng, 2019). Both of these MoUs are more focus

on the financial aspect rather than providing direct cooperation to BRI-related projects what may in fine push the internationalization of the RMB.

In addition to all those countries, Italy has formally joined the list by signing a MoU on March 23, 2019. It is the first G7 country to formalize its collaboration with China within the BRI scope. The objective is clear: *"work*[ing] *together within the Belt and Road Initiative (BRI) to translate mutual complementary strengths into advantages for practical cooperation and sustainable growth, supporting synergies*" (Government of the Italian republic and the government of the PRC, 2019, para. 1).

To date, those several incorporations bring the total number of European countries officially integrated to the BRI to 32 (see the complete list in table 1). China's BRI approach remains inclusive, as a result, other nations could follow. At the moment, a distinction can be observe (see figure 8) between the core of Europe (with Northwestern and Scandinavian countries) where most countries did not sign any agreement documents about the BRI, and its periphery where countries signed a document either in a bilateral way or through the 17 + 1 cooperation.

Figure 8: European countries officially integrated to the BRI

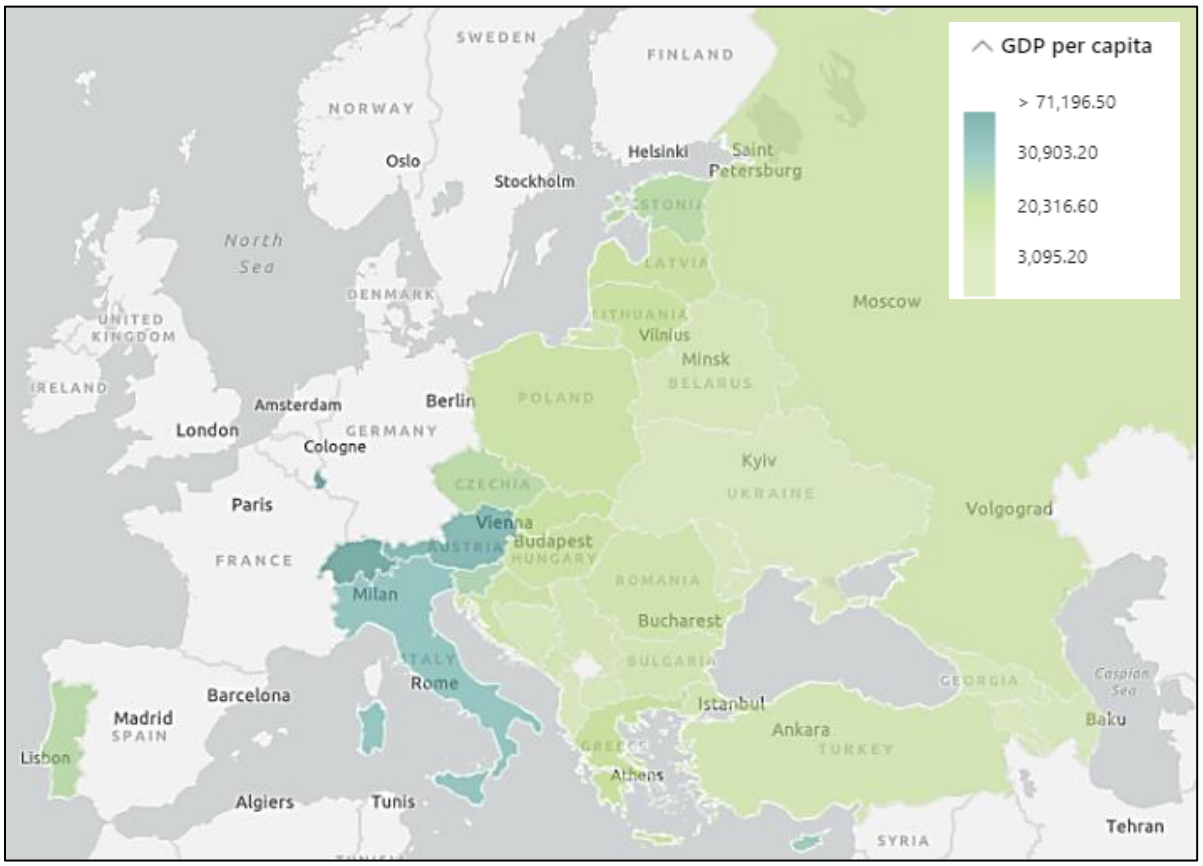


Data from table 1.

At the beginning, there were clearly a distinction between CEEC including the 16 + 1 cooperation of that time and the rest of Europe – the Western and richer part. Some semblance of Cold War which has been mitigated by new joiners. Now, several other countries across Europe are participating to the initiative (in an official way at least), particularly the south of Europe, but also important financial places like Luxembourg and Switzerland.

The time when the PRC targeted the least rich European countries is over. The new joiners which recently signed a BRI-agreement document (see figure 8) have a much higher GDP per capita than previous members (see figure 9). It is also a sign that the PRC is attracting the core of the EU with founder members like Italy and Luxembourg or ancient member like Greece and Portugal.

Figure 9: GDP per capita for European countries participating in the BRI



Data from table 1.

For reaching the core of Europe, where there is a higher interest for trade, China must pass through other countries than just those embraced in the China-CEEC cooperation or those listed above. Furthermore, China must dialogue with supranational organizations such as the

EU in order to comply with international laws. Yet, not every European country supports the initiative. In Australia as well as in Europe or over the world, opinions vis-à-vis the BRI diverge. Some see it as an opportunity to attract massive investments in infrastructure projects, others as a risk because it could create a network of dependencies and challenge the international order (Carrai et al., 2020). The fear of a divide and conquer strategy may come more from the 17 + 1 cooperation rather than the BRI strategy per se. The 17 + 1 cooperation encompassed the poorer countries of the EU, in terms of GDP per capita. And, those are also the countries which joined the EU after 2004 (beside Greece), or they are candidates and potential candidates to join the EU (the Western Balkans). In contrast, the BRI includes EU and non-EU countries from different levels of GDP. The PRC could envision, through its 17 + 1 cooperation, to be the new center of gravity of countries which have less ties toward the EU than the core of EU. One thing is certain, is that interest in the BRI has been growing and the participation too. However, as it is a gigantic project encompassing hundreds of countries with billions of euros or even trillions at stake, every nations and global organizations should monitor it and take a closer look at investments made in their own territories.

"*It is a political responsibility to know what is going on in our own backyard so we can protect our collective security.*" (Juncker, 2017, p.9).

Part B: BRI investments analysis in Europe

Investments for BRI-related projects are made continuously all over the world, and many others are still taking shape. While some of them were already in place before the official launch, the majority emerged after 2013. The Xi's vision of a New Silk Road along the ancient routes has changed a lot. New corridors are part of the strategy, and plenty of countries are now participating in the initiative. Even nations distant from those corridors are strengthening ties with the PRC to collaborate under the label of the BRI, but it is not accompanied without risk.

Investors understood the opportunity behind. Thanks to MDBs, lots of funds are dedicated to development infrastructure projects, and more funds are likely to be granted with the new institutions supporting the BRI. Chinese state-owned banks and funds will continue to largely participate in BRI projects, but investors could take advantage of it. Given the high interest by the Chinese Communist Party, investors could label their projects under the BRI to get both the authorization and funds more easily.

The Center for Strategic & International Studies (CSIS) analyzed in 2018 the relation between the Chinese projects (at country-level) and BRI. The focus was on the BRI's six economic corridors. According to the CSIS, if those corridors are the strategic priorities of the PRC, because of the incorporation of the BRI in the 13th Five-Year Plan as well as in the Constitution, then we should expect a higher level of activity inside the corridors than outside. Even though data were sometimes difficult to obtain due to transparency issues or confidential information, the results have shown that five out of six corridors were not reflecting the projects on the ground. The exception is the China-Pakistan Economic Corridor, but it is the only one which involves one country besides China and the only one which provides a concrete list of BRI-related projects[1]. There is no pure explanation of the results. Nonetheless, the researchers suggest that interest groups are repackaging their existing projects under the banner of the BRI to legitimize and pursue their activities (Hillman, 2018b). To a certain extent, the PRC could use the friendly framework of the BRI to keep on investing with a purpose of increasing its international support and getting access to strategic assets.

[1] CPEC. (2020). *China Pakistan Economic Corridor.* Online: http://cpec.gov.pk/#

1. Scope, sources and methodology of the analysis

To understand the strategy that the PRC is implementing through its BRI, a research on Chinese investments will be conducted. Although investments are more significant in Asia, it is in Europe that the analysis will be focus on. The primary reason is to analyze how Chinese investments could affect EU decisions as a whole and whether they are intended to divide and conquer the region. The main hypothesis would be to think that Chinese investments are made to strengthening ties with desperate countries in search for funds.

More specifically, the analysis will include investments within European countries participating to the initiative (cf. Part A, section 6.2), i.e., those which signed any agreement documents about the BRI. The Caucasus, Turkey, and Russia are not part of the scope as they overlap with the Asian continent and are slightly less concerned by the EU decisions. It will mostly concern countries within the 17 + 1 cooperation and Mediterranean countries.

The different BRI corridors play an important role in the strategy. They, furthermore, enable to predict where Chinese investments are more likely to be made. For this reason, the analysis will begin to examine the corridors which are connected to the European continent: The New Eurasia Land Bridge Economic Corridor, the China-Central Asia-West Asia Economic Corridor, and the 21st Century Maritime Silk Road. The Artic Silk Road is not taken into account because the project is relatively too recent to be analyzed. The first BRIF helps to roughly define each of these corridors. Even though many research centers are trying to describe the corridors, it is essential to understand them from the China's point of view.

Afterward, the European participating countries will be divided into regions according to those corridors so as to find out if there is any connection. Prior to scrutinize each region, there is a need to find the Chinese investments. In this context, "Chinese investments" will include any projects which involves an amount of money that a Chinese company or bank provides, it could be in the form of loans, direct investments, subcontracting, and so forth. However, during the first BRIF, the PRC remained vague regarding the investments along the corridors, and still does. Given the broad scope of the BRI, investments could be in any sectors, but particularly in infrastructure. Targeting investments which have strong links with a corridor would then make sense, and transport infrastructure projects could have the most obvious connections compared to energy or digital infrastructures. In addition, any investments

possessing the BRI label will be examined to conclude whether it is aligned with the strategy or not.

The difficulty lies in the fact that the PRC, apart from flagship projects or topline investments that Chinese officials praise, does not report all investments in a transparent and systematic way. Moreover, Chinese banks will rarely make public announcements nor publish all details of the financing agreements, neither does the debtor country actually. Consequently, identifying BRI-related projects will be done through: official national sources, media publications, projects' reports (if available) including feasibility studies, Chinese contractors, publications of the new institutions supporting the BRI (AIIB, NDB, and SRF) as well as traditional institutions such as the European institutions or MDBs (e.g., EBRD, EIB, World Bank), any initiative or funds supporting the development of (transport) infrastructure (e.g., WBIF, TSI, the EU-China connectivity platform, China-CEE fund), and finally, data from research institutes like, the American Enterprise Institute[2], Chinese investment research and Shanghai institutes for international studies [3], CSIS (Reconnecting Asia[4]), and William & Mary (AidData's Geocoded Global Chinese Official Finance[5]). From those several sources, the goal is to retrieve a maximum of information about projects which are linked to the BRI with a critical view about the origin of the source. At the end, once each region has been analyzed separately, a global analysis will be conducted in order to subsequently draw general conclusions.

[2] American Enterprise Institute. (2020). *China Global Investment Tracker*. Online: https://www.aei.org/china-global-investment-tracker/

[3] Chinese investment research and Shanghai institutes for international studies. (2018). *BRI economic corridors and key operational investments*. Online: http://www.chinainvestmentresearch.org/wp-content/uploads/2018/07/BRI-Economic-Corridors-and-Key-Operational-Investments SIIS.pdf

[4] CSIS. (2020). *Reconnecting Asia*. Online: https://reconnectingasia.csis.org/map/

[5] William & Mary. (2020). *China project locations.* Online: https://www.aiddata.org/china-project-locations

2. Europe: the end of the Belt and Road

One of the objectives of the BRI is to create a network of dependencies and reach different markets. Among the most coveted markets, there is Europe. At the first Belt and Road Initiative Forum (BRIF), Xi Jinping declared that:

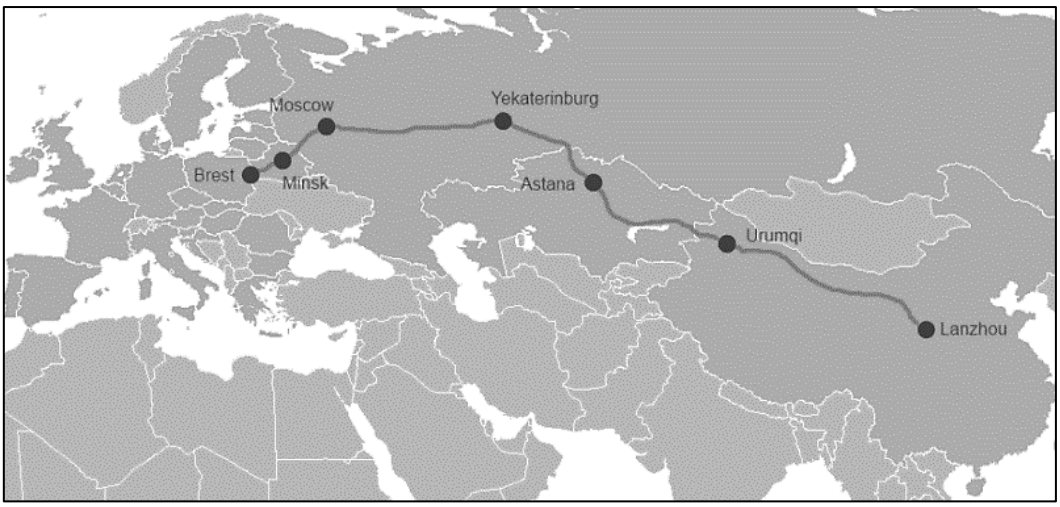
> "*Infrastructure connectivity is the foundation of development through cooperation. We should promote land, maritime, air and cyberspace connectivity, concentrate our efforts on key passageways, cities and projects and connect networks of highways, railways and seaports. The goal of building six major economic corridors under the Belt and Road Initiative has been set, and we should endeavor to meet it*." (Xi, 2017, para. 24)

The Chinese government then clarified the different routes which the BRI covers. The initiative comprises six land roads and one maritime road (and the addition of the Artic Silk Road later). Some of these routes converge toward Europe.

2.1 The New Eurasia Land Bridge Economic Corridor

Among the six economic corridors, the New Eurasia Land Bridge Economic Corridor (NELBEC) reaches Europe. During the BRIF, the route of this corridor was presented (see figure 10).

Figure 10: The New Eurasia Land Bridge Economic Corridor



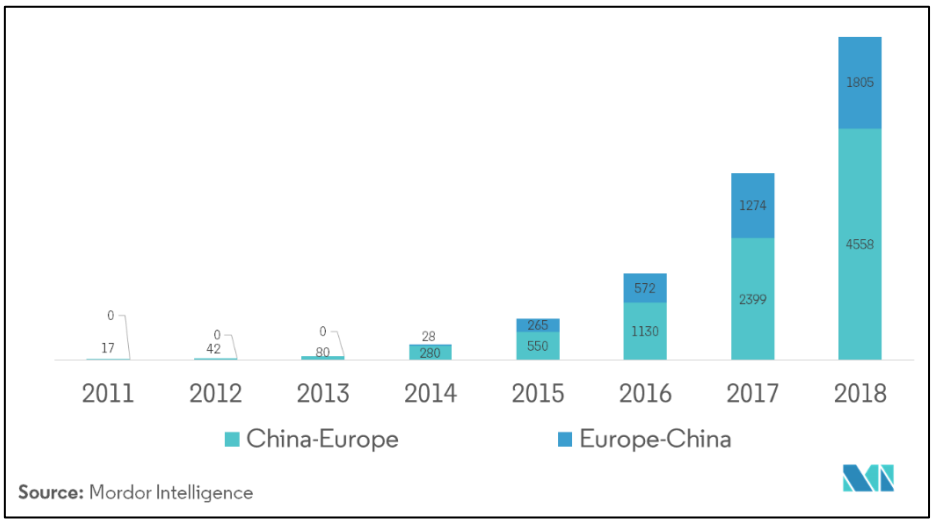
Source: (BRIF, 2017)

It is a project of rail transportation connecting China and Europe through Central Asia, including Russia and Kazakhstan. It is seen as an alternative to the traditional maritime routes or to the well-known Trans-Siberian railway (see Annex 2). However, the Chinese government has not gone far into details regarding the project and investments related to it. On the map, it seems that the corridor stops at Brest in Belarus, but the route can easily be extended up to Madrid or London.

In reality, the corridor is already active with China Railway Express (CRE) services. CRE is a Chinese SOE which is part of the China State Railway Group Limited Company. It operates at national level but expanded its horizons. The first transcontinental freight train of the company departed in March 2011 from Chongqing in China to arrive in Duisburg, Germany (CGTN, 2019). Nowadays, CRE serves a multitude of European cities, more than 50 cities in 15 countries (see Annex 8). Russia, Germany (with Duisburg and Hamburg), and Poland (with Malaszewicze and Warsaw) are the main destinations. For example, the HANXINOU China-Europe Railway Express Full Container Load (a cargo train) leaves from Wuhan to arrive in the city of Malaszewicze in Poland, and then in the cities of Hamburg, Duisburg, or Lyon. And, the YIXINOU China-Europe Railway Express Full Container Load from Yiwu to the cities of Malaszewicze, Duisburg, or Madrid (H&T, n.d.). These trains, as well as the others, are called “the Silk Road trains”. Indeed, the CRE can be redefined as the "Belt and Road on rail" (CGTV, 2019).

The link between the BRI and the CRE’s objectives is intrinsic. Considered as a national champion, CRE is certainly highly protected by the Chinese government, and should follow the interests of the Communist Party of China. Their common interest is to boom trade along the corridor, thus one solution could be increasing the number of freight transportations (ceteris paribus). Since 2011, that number has grown considerably (see figure 11) with the quantity of Westbound trains (China to Europe) higher than Eastbound trains (Europe to China). The unbalance results of a greater exportations by freight trains of Chinese goods to Europe than importations of European goods to China.

Figure 11: Number of trains moved between China and Europe



Source: (Mordor Intelligence, 2020)

The main advantage of rail transportation compared to maritime transportation is time. Hence, for staying a competitive means of transportation, rail transportation must be optimized and gain a maximum of time. Yet, freight trains along the New Eurasia Land Bridge travel for thousands of kilometers and with the addition of transit time, the journey is long.

One challenge of the Eurasia railway is the adaptation to the gauge change as the NELBEC operates on two different rail systems. On the one hand, China and Western Europe utilize a standard gauge which corresponds to 1.435 meters between rails, and on the other hand, Russia, Kazakhstan, and Belarus utilize a broad gauge with 1.520 meters (Rodrigue, 2020). It is a technical issue which takes time to resolve because the cargo must be reloaded or adapted to the change. Another challenge is the extreme temperatures in which freight trains are going through, and some cargos are not appropriated for that (id.).

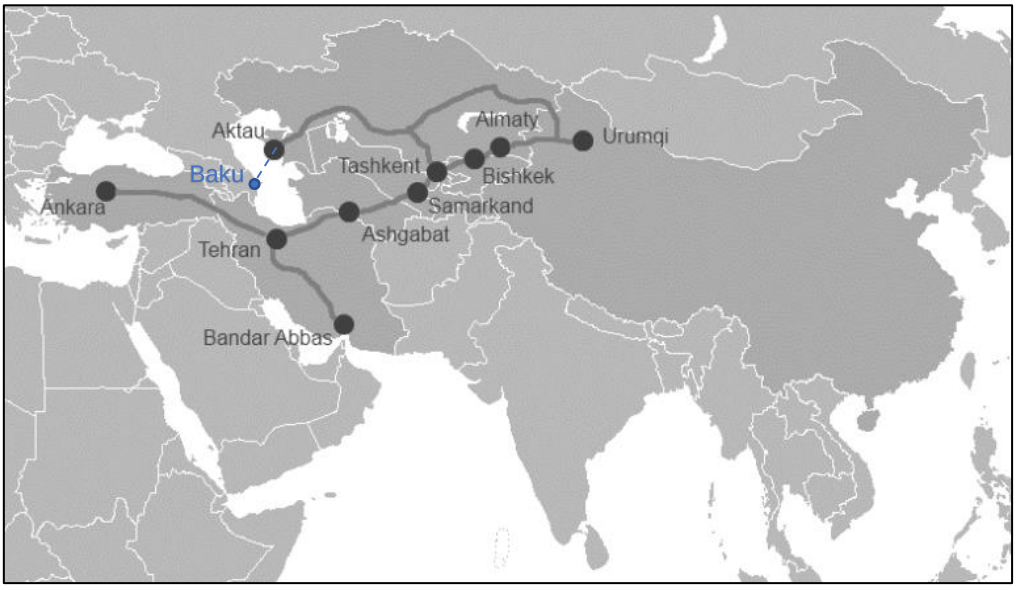
Besides, the CRE wishes to accelerate and simplify customs procedures thanks to its principle of "declaration, inspection, clearance" (BRIF, 2017). It, however, faces more important issues. CRE is not optimized in long-distance cross-border transportations. The freight goes from the source to the destination, and very often freight trains are not completely fulfilled when they come back (Cheng, Li, Hu & Zhao, 2019). Furthermore, low profit margin, pressure on subsidies from the Chinese government, or insufficient cargo supply, are problems that affect the development of the CRE and its international competitiveness what could have an impact on the implementation of the BRI, to a certain extent (id.).

Nevertheless, CRE became an important actor on the network particularly after 2013 when the BRI was launched. Given the different challenges of the network, optimizing freight transportation and investing in associated projects such as highways, ports, or power transmission lines along the corridor, make sense. Western European countries are already well-developed in terms of infrastructure (European Commission, 2020a) thus, BRI-related investments should a priori be focus on Eastern European countries like Belarus or Poland.

2.2 The China-Central Asia-West Asia Economic Corridor

Another corridor reaching Europe is the China-Central Asia-West Asia Economic Corridor (CCAWEC). The corridor passes through Central Asia and the Middle East. For that reason, it is less evident to see the connection with Europe (see figure 12). Still, the route continues to Turkey, the gateway to Europe, and could be extended.

Figure 12: The China-Central Asia-West Asia Economic Corridor



Source: (BRIF, 2017)

This economic corridor will be composed of a few trading routes. China Railway Express (CRE) has already performed some tests. For example, the company transported goods from Western China to Baku, in Azerbaijan, by using a multimodal transport system: railway and ferry (Xinhua, 2019a). However, the route is not considered as "active" because there are numerous investments which must be undertaken in physical and digital infrastructures. In Central Asia, several regions are among the least connected in the world due to their

geographical landscape, their isolationist authoritarian regime, or even their past with the Soviet Union (European Union, 2019).

As a matter of fact, the CCAWEC will compete with the Trans-Caspian International Transport Route (TITR). One month after the announcement of the BRI by Xi Jinping, a consortium with seven logistics companies from Azerbaijan, Georgia, and Kazakhstan launched the TITR (Middle Corridor, n.d.a). Known today under the name of Middle Corridor, the route aims to revive the Ancient Silk Road too. Unlike the CCAWEC, freights are already being exported and imported along this track. Initially for developing the Caucasus and increasing trade between the countries, the Middle Corridor establishes now a connection with a myriad of other countries. There even exists a possibility to connect China with Europe provided that a multimodal transport system is used, mainly railways for lands and ferries for crossing the Caspian and Black Sea (see Annex 9).

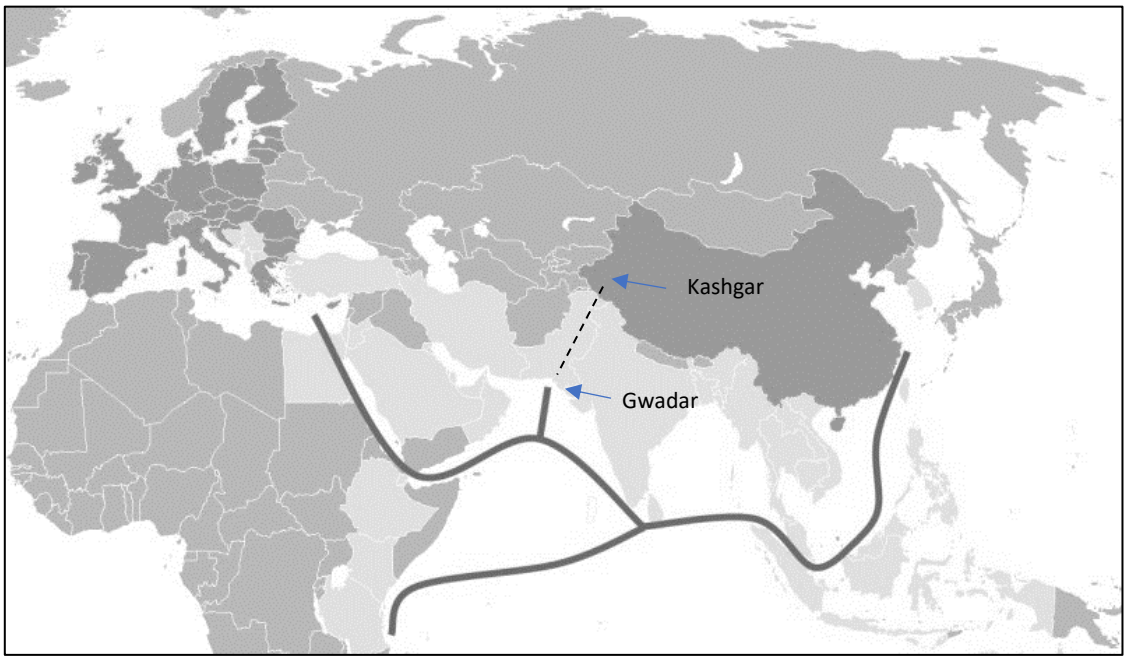
Unlike the Middle Corridor, one can assume that the CCAWEC would privilege the railway system as showed on figure 12, at least in the first instance. In order to reach Europe, instead of crossing the seas, the CCAWEC's route would pass through Turkey and arrive in the Balkans. Greece and Bulgaria at first and then, other countries through the Trans-European Transport Network (TEN-T) (see Annex 10). The TEN-T is the European network already in place which includes principal routes of transport intra Europe, i.e., railway lines, highways, ports, inland waterways, etc. Investments are being undertaken to develop and improve the network, and by 2030, the Core Network should be completed (European Commission, 2020a).

Compared to the rest of Europe, Bulgaria, Romania, and the Western Balkans are regions barely developed in terms of railways, inland waterways, and roads (see Annex 11-14). Huge investments from Europe as well as from China are more likely going to be made in those regions.

2.3 The 21st Century Maritime Silk Road

In addition to rail transportation, the PRC wants to intensify maritime trade thanks to its 21st Century Maritime Silk Road. The maritime route connects Chinese ports and the Mediterranean Sea (see figure 13).

Figure 13: The 21st Century Maritime Silk Road.



Source: (BRIF, 2017)

A global trade network is in the making. Maritime routes will eventually merge with terrestrial infrastructures. For instance, the China-Pakistan Economic Corridor is connecting the city of Kashgar in China with the port of Gwadar in Pakistan (see Annex 15). This corridor enables China to gain access to the Arabian Sea via Pakistan. A strategic advantage for China to import oil from the Middle East or to construct an alternative way for trade with Europe, bypassing the long maritime route of the South East Asia and thus, the Malacca Strait.

Along the 21st Century Maritime Silk Road, straits, canals, and seaports are strategic transit points. Hence, the PRC has been investing in coastal infrastructure projects linked to those transit points, and obtained, in few cases, the ownership of foreign seaports. With the agreement of local authorities, the PRC and Chinese SOEs took over some seaports, notably the Hambantota port in Sri Lanka, or gateway ports to inland infrastructure such as the Gwadar port in Pakistan or the Kyaukpyu port in Myanmar (Ghiasy, Saalman, & Su, 2018).

In Europe, the China's presence in the Mediterranean Sea intensifies. The most noticeable investment was the acquisition of the Piraeus port, in Greece. It is the Greece's largest port, and more importantly, the crossroad between Europe, Asia, and Africa. In 2016, China Ocean Shipping Company (COSCO) acquired 51 % stake of the port, and in 2019, 600 million euros have been pledged for future investments (Georgiopoulos, Koutantou, & Maltezou, 2019). Henceforth, the Piraeus port is a central hub for COSCO shipments (COSCO, 2020) and the entry door for Chinese imports into Europe. This acquisition integrates itself into the BRI's strategy, albeit investments started in 2009, just after the financial crisis which heavily affected Greece. For Xinhuanet (2019b), the official state-run press agency of the PRC, it is a win-win BRI cooperation because the region is being developed, providing jobs, proper infrastructure, and helping the country to recover from the previous crisis. The reality is different though, and the acquisition may hide other intentions.

2.4 A multi-modal transportation network

Ultimately, the two economic corridors and the 21st Century Maritime Silk Road will be connected and should all converge in Europe. The missing piece of the puzzle is the Land Sea Express Route, a Chinese-built rail from Piraeus to Budapest (see figure 14).

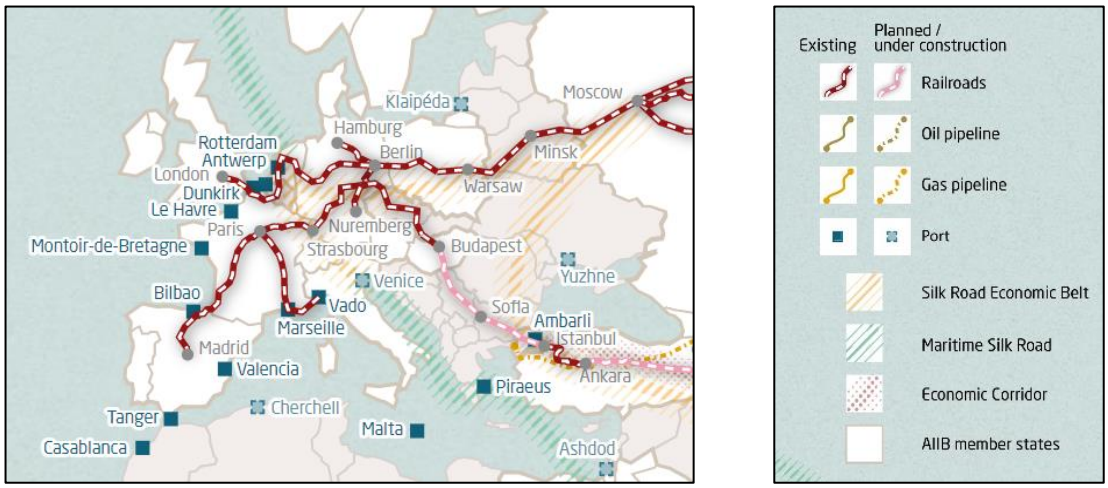
Figure 14: The Land Sea Express Route

Source: (Financial Times, 2020)

Leaders of Hungary, (North) Macedonia, and Serbia agreed with the Chinese Premier Li Keqiang to build this route. And, the latter did not hide his intentions of a future expansion of the route in the Mediterranean region or nearby the Danube (Cooperation between China and CEEC, 2015). The Land Sea Express Route may facilitate trade and speed up transportation in the region. On top of it, it will enable to create a connection between the BRI routes through land-sea transportations.

Furthermore, the recent Adriatic-Baltic-Black Sea seaport cooperation or referred as the Three Seas Initiative (TSI) could provide greater synergies between the Land Sea Express route and the BRI. The goals of the cooperation are: developing industrial clusters in the coastal areas of the Adriatic, Baltic, and Black Sea, and connecting the seas thanks to inland waterways, modern roads, and railways (Three Seas Initiative, n.d.). The TSI is strengthening ties between participating countries which are from Central and Eastern Europe, and Western EU countries. That would foster the EU integration and reduce the economic gap (id.). Participating countries of the TSI are all part of the EU, but they are all part of the China-CEEC cooperation too. Consequently, the PRC showed high interest in the TSI (The State Council of the PRC, 2016). The initiative is, on a smaller scale, similar to the BRI, albeit the TSI delivers a higher transparency regarding its projects, providing a clear list of project priorities with the description of the project, the stakeholders, the progress, and even about the financing[6].

Figure 15: China's multi-modal transportation network in Europe



Source: (Merics, 2018)

[6] Three Seas Initiative. (2019). *Priority Interconnection Projects.* Online: https://irp-cdn.multiscreensite.com/1805a6e8/files/uploaded/Status%20Report%202019-online.pdf

In the end, a multi-modal transportation network will be created. The Mercator Institute for China Studies represented the BRI-transportation network in Europe (see figure 15). Although the Land Sea Express Route is missing on the map, the convergence of the different corridors is observable. In the north, existing railroads are going from Moscow up to Madrid, that corresponds to the New Eurasia Land Bridge Economic Corridor, and in the south, some planned or under construction railroads which correspond to the end of the China-Central Asia-West Asia Economic Corridor. Finally, the 21st Century Maritime Silk Road is represented going to the Piraeus port and in Northeast Italy – in the port of Venice and Trieste. The section in the North Sea would be linked to the Artic Silk Road.

Investing in different means of transportation enable China to disseminate the risks as well as keeping alternatives and avoiding dependencies. Multiple routes let Chinese companies and the government with a range of options. As a result, they can obtain a better trade-off between cost, volume, time, and security. Even though sea freight transportation has long been privileged for trade between China and Europe – 94 % of total trade by weight and 64 % of total trade by value in 2016 (see Annex 16-17), Eurasian rail freight transportation is growing. The latter is approximately 80 % cheaper than air freight services and demands about half of the transit time of traditional sea freight services (Hillman, 2018c). Hence, it is a good alternative with advantages such as cost, reliability, and transit time, with challenges and room of improvements, though.

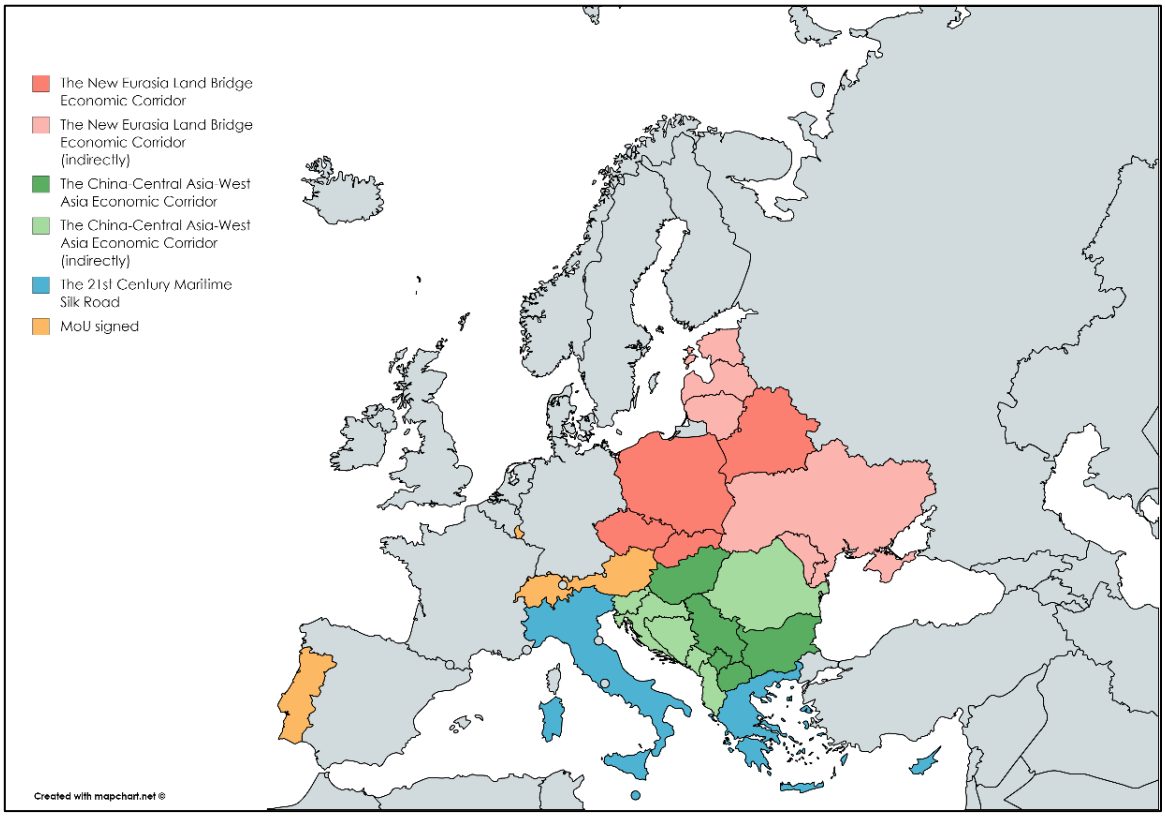
The PRC and Chinese companies are investing massively in the Eurasian rail and sea freight network. In fact, there is no central organization which handles all the trade flows in Eurasia, the market is fragmented with a multitude of national companies (Schramm & Zhang, 2018) or supranational alliances, e.g., TENT-T, TITR, and TSI. With a Chinese presence on the market, it would secure an access of the PRC to the European market. The Maoist period with its world isolation is far behind China, trade became essential. Today, the country is the first importer in the world and the second exporter behind the United States (World Integrated Trade Solution, 2020).

3. Mapping investments

As mentioned at the end of the part B., a distinction can be made between the core of Europe, with Northwestern and Scandinavian countries, and its periphery with Central, Eastern and Mediterranean countries. Unlike the core of Europe, the periphery is considered as participating to the initiative since countries signed a BRI-agreement document. This distinction is accentuated with the different economic corridors reaching Europe. According to the corridors, participating countries can be divided into three regions (see figure 16) except for some countries (in orange) which do not seem to belong to any specific corridor.

- **The Mediterranean region** (in blue) with countries which apparently participate in the 21st Century Maritime Silk Road.
- **The Balkans** (in green) with countries include in the project of the Land Sea Express Route, and which are prospectively part of the China-Central Asia-West Asia Economic Corridor. The large definition of the Balkans is considered with the addition of Hungary.
- **Central and Northeastern countries** (in red) which are part of the New Eurasia Land Bridge Economic Corridor.

Figure 16: European countries participating to the initiative and their link with the corridors



3.1 Northwestern and Scandinavian countries

This region is not part of the scope of the analysis because BRI-related investments are less likely going to be made there. It is an area where infrastructures are already well developed, especially with transport infrastructures (cf. the TEN-T network). Hence, it is not the priority of the BRI's strategy. Obviously, China Railway Express is already going through those regions, mainly in Germany (in Duisburg and Hamburg). Several railway projects could be undertaken in the region and labelled "BRI project". For instance, the freight train Chengdu-Rotterdam could have been labelled BRI by the PRC (Chinadaily, 2019) as it is an extension of the New Eurasia Land Bridge Economic Corridor. One reason why investments are not directly linked to the BRI might be due to some national governments which are opposed to the project.

Some governments criticize the initiative. Sigmar Gabriel, the former German foreign minister, declared that the BRI was incompatible with the Western values such as democracy, human rights, and freedom (Bell, 2018) whereas several local authorities like Duisburg or Hamburg have strong incentives to continue to trade with China and be part of the BRI. In France, the President Emmanuel Macron does not stand up against the initiative, but according to him, the strategy needs more cooperation, otherwise it would reflect a new hegemony in which China will be able to impose its own standards and rules (Rose, 2018). Nevertheless, opinions about the BRI are not identical within countries, and that can increase tensions between political parties. In the future, general opinions could change, these countries and the others may even join the initiative, but rather as a block (Daly, 2019) accompanied with substantial changes linked to the agreements. Finally, what will modify their view on the BRI will mainly be related to the relationship they cultivate with China.

Regarding the Scandinavian countries, a 5 + 1 cooperation between Denmark, Finland, Iceland, Norway, Sweden, and China is conceivable, building up strong ties for the new Artic Silk Road in the near future (Forsby, 2019).

3.2 The Mediterranean region

First of all, the Piraeus port and its region will be examined because it drew a lot of attention. Chinese investments in the other European seaports are then analyzed, mainly in the Mediterranean region, in order to understand the strategy of the 21st Century Maritime Silk Road and its potential implications.

3.2.1 The Piraeus port and its region

In the region, the China's flagship investment was the acquisition of the Piraeus port. Today, the shipping company COSCO controls the port and opened up the region to other Chinese investments. Indeed, the Greek port is an anchor investment which is attracting follow-up investments in infrastructure, logistics and beyond (EBRD, 2017). For example, the Chinese multinational company Huawei built one of its distribution centers close to the port (Xinhuanet, 2013), and has recently agreed with the Piraeus Port Authority to modernize the infrastructure network of the region. The network will be optimized using the newest technologies (Piraeus port authority, 2018). Yet, well-known for being the leader in telecommunications equipment (Pongratz, 2020), Huawei has faced important backlashes from the Western side. Some European countries mistrust the company particularly since the implementation of the 5G network (Busvine, 2020), or because the company relies on Chinese technologies with a potential of cyber-espionage and surveillance (O'Flaherty, 2019). Another Chinese telecommunication company which increased its footprint in the region is ZTE Corporation. Thanks to an arrangement with COSCO, the company uses the Piraeus Container Terminal, and will set up a repair center and an assembly line nearby (Chinadaily, 2014).

Zou Xiaoli, the China's ambassador in Greece, went even further saying that Greece will be the new tourist destination which will massively attract Chinese citizens. From the Greek's side, they obviously welcomed the idea (id.). The Hellinikon Project is an example of this vision. It is a tremendous urban regeneration project in the region of the past Ellinikon international airport which lies next to the Piraeus region. A consortium with Greek, Emirati, and Chinese investors, including the Chinese investment company Fosun, will invest about 8 billion euros in this project. That should develop the region, attract tourists, and create up to 75,000 jobs once it is operational (Fiorentzi, 2019).

The support of Beijing granted to Athens is nothing new. After the financial crisis, the former Chinese Premier Wen Jiabao had given its support to euro zone countries in difficulties, notably with Greece by buying government bonds (Melander & Papachristou, 2010). At that time, there was already an interest to enhance trade and shipping between the two nations. Over the decade, their relations were maintained, and Chinese investments surged in Piraeus and in the vicinity. A Chinese investment hub could even emerge in the region. Furthermore, the Land Sea Express Route will play a significant role in attracting new businesses as it will give a direct access from the Piraeus port to the center of Europe. Besides the labor concerns related to the Piraeus port (Kakissis, 2018), the increase of Chinese investments could generate political sways. One can suggest that the blocking by the Greek government on the EU statement condemning the violation of human rights in the China's crackdown results from the dependency Greece has with Chinese investments (Emmott & Koutantou, 2017).

3.2.2 European seaports

Chinese investments did not halt in Greece. COSCO also invested in the container terminal of Zeebrugge, the second largest port of Belgium (Georgiopoulos et al., 2019), and in plenty other terminals throughout Europe (see Annex 18). COSCO's investments as well as investments made by China Merchants Port Holdings – another Chinese global company of maritime shipments and logistics, often go beyond the initial scope of the 21st Century Maritime Silk Road (see figure 17). For this reason, those other Chinese investments across European ports and terminals do not seem to be directly related to the BRI. Additionally, the interest of the PRC in those seaport regions appears to be less pronounced compared to the Piraeus port and the region around.

Figure 17: Investments in seaports by COSCO and China Merchants Port Holdings

Source: (Kakissis, 2018)

Lirong Xu, chairman of the company COSCO, clarified that investments in the European terminals are part of its growth strategy. But future projects in Greece or in other terminals along the BRI could soon emerge. To him, it would help the company in its production and operations but mainly benefit to the PRC for opening up strategic channels (Gao & Xia, 2016). Unlike the Piraeus port, the investment in those other ports are pure management investments (for now) rather than entire turnaround or control (Ekman, 2018).

Nonetheless, Chinese investments in the maritime industry could have an impact, in the long run, on the business of the largest Northwestern European seaports: Rotterdam, Antwerp and Hamburg (World Shipping Council, 2019). Antwerp and Zeebrugge, for example, have already showed interest for future Chinese BRI-related investments (Hope, 2015), but other regions may challenge them and become new major European hubs for Chinese companies. Besides Greece, Italian ports are the next targets. After Italy signed the MoU with China, local authorities of the port of Genoa and Trieste agreed to collaborate with the Chinese SOEs China Communications Construction Company (CCCC) on the recovery and development of the ports and on the railway infrastructure system of the regions (GCR, 2019). These ports are strategic. On the one hand, the Trieste port can give access to Central European countries and to the

Balkans, and on the other hand, the Genoa port can give access to the core of Europe. In addition to its localization, the Trieste port benefit from a “Free Zone” (Autorità di Sistema Portuale del Mare Adriatico Orientale, Porti di Trieste, & Monfalcone, 2019) useful for trade and mitigate customs regulations.

In the meantime, Malta’s and Cyprus’ ports are potential targets too. The Port of Marsaxlokk in Malta has already received slight investments from China Merchants Port Holdings (see Annex 18), and Joseph Bugeja – the leader of Transport Malta, believes that there is some space for more Chinese investments in that port as well as in the Malta’s Valletta Grand Harbour (the other large seaport of the country). The ports would then contribute to the BRI (ESPO, 2019). Regarding Cyprus, it is COSCO which showed interest for future investments in the Limassol port – the Cyprus’ main port (Glass, 2016).

By investing in foreign seaports and progressively controlling them (directly or indirectly), the PRC will eventually control the world’s commerce. In Europe, about 74 % of goods are traded by sea (European Commission, 2015). Moreover, it could enable the PRC to set its own maritime standards and guidelines (Ekman, 2018). Yet, the fear of a Chinese presence in the Mediterranean Sea comes from another reason.

In Djibouti, the PRC has established its first overseas military base. In theory, the purpose is to first maintain peace and security in the horn of Africa, and second, secure the international seaways (Office of the Secretary of Defense, 2019; Xuejing, 2017). It goes without saying that military exercises and missions will be conducted straight from this new base (id.). The strategy of building a military base in Djibouti is part of the Hu Jintao’s plan. Hu Jintao, the former Chinese leader from 2002 to 2012, reported (2012) to the 18th National Congress of the Communist Party of China, that he wanted to develop China's geographical space and turned China into a maritime power. With this vision, the Chinese government could decide to expand its military forces along the 21st Century Maritime Silk Road particularly where it has heavily invested such as in Sri Lanka or in Pakistan, what the U.S office of the Secretary of Defense (2019) confirmed in its annual report. With respect to the Mediterranean Sea, there is no public statement concerning a future military presence or the strategy behind. However, it is conceivable given the several naval exercises which have been led, jointly with Russia, in the region (Paul, 2019) what generated fears. Of course, one must bear in mind that military bases from other nations are already well implemented in the Mediterranean Sea, for

instance, the United States had already established two naval bases in Italy and one in Greece (see Annex 19), and it was the former which has demanded to NATO members to spend 2 % of their GDP on defense expenses (Fiorentino, 2019).

3.2.3 Conclusions

Greece is visibly involved in the 21st Century Maritime Silk Road, and Italy will soon be part of it too. Regarding Malta and Cyprus, they will potentially play a central role in the future as they are respectively in the middle of the Mediterranean Sea and at the entrance of the Suez Canal. Finally, a forthcoming implication of Spain is imaginable.

Definitely, there is an interest of the PRC in Mediterranean ports for transporting Chinese goods into Europe. China Merchants Port Holdings and COSCO are two big corporations which have taken the lead by investing massively in the region competing against the largest Northwestern European seaports. Nevertheless, it is not uncommon for shipping and logistics services companies to operate and investing abroad. For instance, the Swiss-Italian Mediterranean Shipping Company (MSC) operates in 35 terminals from 22 countries, and the Danish company Maersk possesses 76 ports in 41 countries (Shepard, 2017). What is different is that Chinese SOEs do not function with commercial purposes only, they must align to state policies and strategies such as the BRI. Furthermore, Chinese overseas port investments do not often halt to the investment of terminals, they regularly involve the development of an economic zone around, inter alia, distribution centers, business districts, or sometimes residential housing. For this, numerous Chinese companies are eager to engage in the project, from the design to the operations including the financing and the construction. They are jointly building long-term economic impacts and influence in those regions which are often important for national economies, and that may result of political leverages from Chinese SOEs and in fine from the Chinese government. What is certain is that Chinese investments in foreign seaports contributes to the rise of the PRC as a global power.

3.3 The Balkans

Another flagship project related to the BRI in Europe is the Belgrade-Budapest railway. This project is a section of the Land Sea Express Route and the only one which has really started. But they are plenty other Chinese investments dedicated to infrastructure projects all over the region. Those investments will be analyzed mainly transport infrastructure ones.

3.3.1 the Belgrade-Budapest railway

At the end of 2013, Chinese Premier Li Keqiang and its Hungarian and Serbian counterparts agreed to refurbish the railway line between the two capital cities: Belgrade and Budapest. Prior to the Chinese intervention, refurbishment plans of the railway line were already present in the 1990s (Rencz, 2019), partly because the line is an important link to access to the Balkans from Central Europe and vice versa. Today, the project is a landmark of the 17 + 1 cooperation illustrating solid relations between the parties.

As a matter of fact, the Belgrade-Budapest railway consists of two separate projects, one Hungarian section, and one Serbian section. On the Hungarian section, Hungarian state railways will work with China Communications Construction Company and two subsidiaries of China Railway Group, China Railway Electrification Engineering Group and China Tiejiuju Engineering & Construction, for a total amount of approximately 2.079 billion USD (TED, 2019). However, no EU funds will be granted. The investment will be financed by the Hungarian state involving a loan of 85 percent of the total amount from the state-owned Chinese Export Import Bank (Exim-Bank of China). Since the loan agreement has been signed, the project can start and should be completed by 2025 (MAV Group, 2020). According to Mihály Varga, Hungarian Minister of Finance, Chinese loans are preferred to the other options of public debt financing because it offers fixed interest rates and a possibility of prepayment (id.). But with Chinese funds, there is also no need for a high transparency as it would have been with EU funds. Besides, the feasibility study and the loan agreement have already been classified by the Hungarian government (BRIN, 2020). On the Serbian section, the same Chinese contractors will collaborate with the Serbian government, with the same funding methods (85 % by loans from the Exim-bank of China, and the remaining percent by the

government). Yet, unlike the Hungarian section, the construction is underway since 2015 (Ministry of construction, transport and infrastructure, 2019).

The two sections symbolize the fracture between EU members and non-EU members. Hungary (EU member) violated the EU competition laws[7] because it did not call to a public tender for the project until recently (which was gained by the Chinese-Hungarian consortium). Consequently, the Hungarian section was up to now stalled by the European Commission (Rencz, 2019) whereas the Serbian section, not part of the EU, had begun. On the one hand, Hungary is constrained by the EU and on the other hand, Serbia benefits from a greater autonomy regarding this project. However, both welcomed the Chinese investments. It was the occasion to tackle the long-waited refurbishment. Nonetheless, the Hungarian public opinion raised critics about the project. It would not connect the main cities, nor create jobs for the locals, and the return on investment would be very low (id.). In the meantime, the same concerns could arise in Serbia, but it is an opportunity for the country to upgrade its less developed transportation system in order to support its EU accession bid (Kratz & Pavlićević, 2016). The Serbian section should be in compliance with EU standards and laws, and eventually be part of the TEN-T network (Ministry of construction, transport and infrastructure, 2019).

Of course, the Belgrade-Budapest railway is central in the BRI strategy. It is the first stage of the larger project: The China-Europe Land-Sea Express line which extends up to the Piraeus port. In the end, Chinese goods will arrive in the Piraeus port to be thereafter transported through the European railway network. The other sections, from Piraeus to Skopje (in North Macedonia) and Skopje to Belgrade have still to be built, what will represent again a lot of effort and investments. What is more, the upgrade of the Belgrade-Budapest railway does not seem to be so beneficial for Chinese freights. In theory, with a speed of maximum 200 km/h, the travel time between the two cities would be reduced from 8 hours to 2.5 hours (Vörös, 2018). In practice, the maximum speed would never be reached. Indeed, the maximum speed for freight trains in Hungary would be between 100 and 120 km/h depending on the length, and only 100 km/h within the TEN-T network (CER, 2016). Moreover, Serbia negotiated to downgrade the line for a medium-speed railway which is less expensive (Vörös, 2018). As a

[7] European Commission. (2014). *Internal Market, Industry, Entrepreneurship and SMEs – Thresholds.* Online: https://ec.europa.eu/growth/single-market/public-procurement/rules-implementation/thresholds_en

result, the transportation time will be less reduced. Still, no matter the time reduction, it is not the worst section on the route and for a journey of 4 - 8 days, few hours will not change much as declared by COSCO during an interview (Szalai, 2017). Instead of improving trade, the project could emanate from a China's desire to export high-speed rail technologies. The line would be a proof that the PRC is capable of building high-quality infrastructures in Europe (BIRN, 2020) and so to speak, a symbol of its technological proficiency.

Eventually, in Hungary, there are a lot of expectations from China with few outcomes. A couple of infrastructure projects have been announced. Still, most of them have not started yet, a railway line from Budapest to the airport or a railway line around the capital, for example (Erdélyi & Kőműves, 2018). The Belgrade-Budapest line thus constitutes the main BRI-related investment in Hungary while in Serbia other infrastructure projects are ongoing (see next section). For Viktor Orbán, Hungarian Prime Minister, the railway project is a way to get closer to China and irritate the EU. Indeed, Orbán regularly criticizes the EU's actions and stands up for China. Its government has frequently blocked EU statements which censured the treatment of human rights under the government of Xi Jinping (Emmott & Koutantou, 2017), and prevented a conference of the Youth Section of the Uyghur World Congress as well as protestations for Tibetan independence (Bricklayer & Erdélyi, 2018) – two sensitive topics involving the Chinese government.

3.3.2 Beyond the Land Sea Express Route

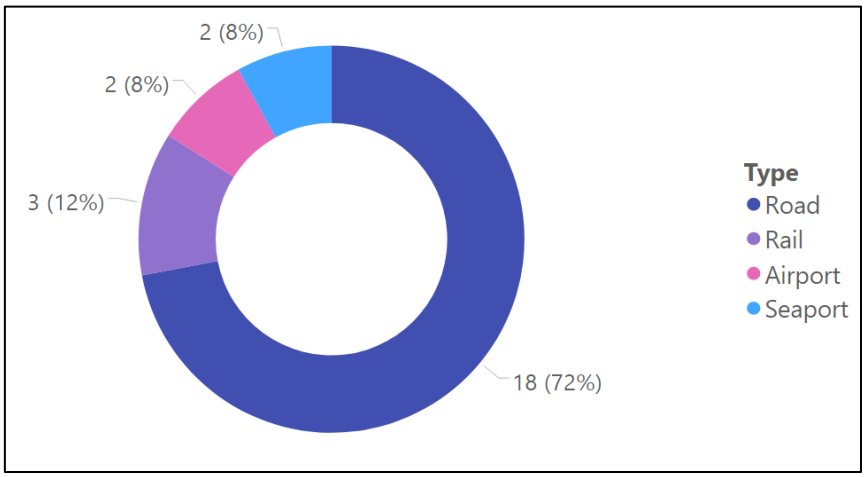
When the agreement on the Belgrade-Budapest railway was signed, North Macedonia was present. The country acts as an observer in that project as it will soon be involved in the railway upgrading of the other Land Sea Express Route's sections. For now, North Macedonia agreed with the PRC to make the feasibility study, and subsequently seek for financing (EBRD, 2016). The two countries are, in reality, already involved in a couple of infrastructure projects e.g., the Chinese SOE Sinohydro corporation is building roads and highways (outside of the Land Sea Express Route).

Regionally, one can observe that plenty other infrastructure projects are underway involving Chinese SOEs and state-owned banks. And, they do not seem to be specifically related to the Land Sea Express Route nor to the CCAWEC. Those major Chinese investments have been inserted into table 2. From those data, some observations can be underlined with a certain

precaution because some projects are currently being negotiated, some may be missing and finally, some projects are grouped while others are separated into several sub-projects.

Firstly, only 12 % of the projects are associated to rail infrastructure (see figure 18). These projects are even located outside of the BRI corridors, in Bosnia & Herzegovina, Croatia, and Montenegro. All of these projects do not belong to one larger project as it may be the case for the development of one corridor. Instead, they satisfy specific national needs. The need of infrastructure development is even higher in road infrastructure as it is highlighted in the donut chart with 72 % of the projects. The remaining percentages correspond to large airport investments with one acquisition in Albania and one renovation in Slovenia, and small investments in seaports at a cost of seven million in Albania and one million in Bulgaria.

Figure 18: Number of transport infrastructure projects in the Balkans by type

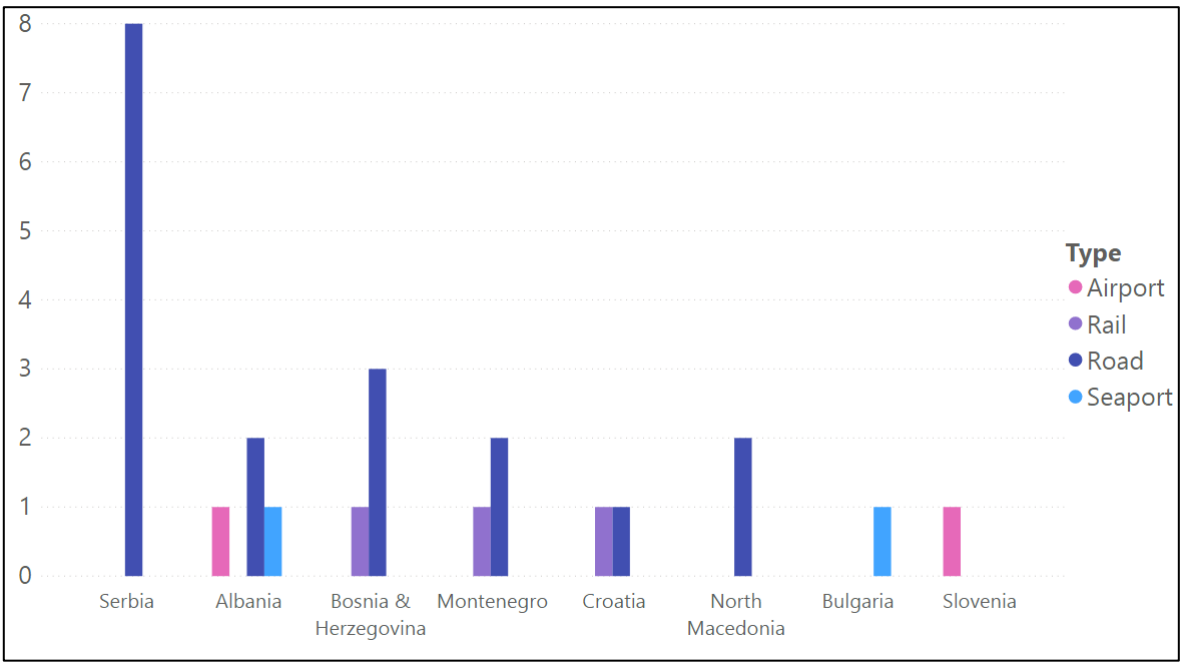


Data from table 2.

Secondly, the figure 19 (below) shows the type of investments by country. Serbia, Albania, and Bosnia & Herzegovina, in other words, the Western part of the Balkans have more transport infrastructure projects including Chinese investments than the Eastern part with Bulgaria and Romania. That concludes that the CCAWEC which was supposed to reach Europe and connects itself with the NELBEC is not at the moment in the European agenda of the Chinese companies. Several projects which somehow connect the BRI corridor will certainly take shape, but we will have to wait a bit before their completion, as for example, the Budapest-Bratislava-Brno-Warsaw Express Railway or the high-speed railway Vienna-Budapest-Bucharest-Constanta. The latter, worth more than 12 billion USD, has been receiving Chinese interest for a long time (Luică, 2013). In fact, they both could be led by a

Chinese company as it is the case for the Belgrade-Budapest railway or other infrastructure projects in the region, especially given the good relationship the PRC nurtures with Orbán and the other countries. In the end, the two-railway projects are going to create transnational routes of trade as well as rapid means of transportation for passengers. In addition, it is an opportunity for the PRC to once again promote its high-speed train technologies.

Figure 19: Number of transport infrastructure projects in the Balkans by country



Data from table 2.

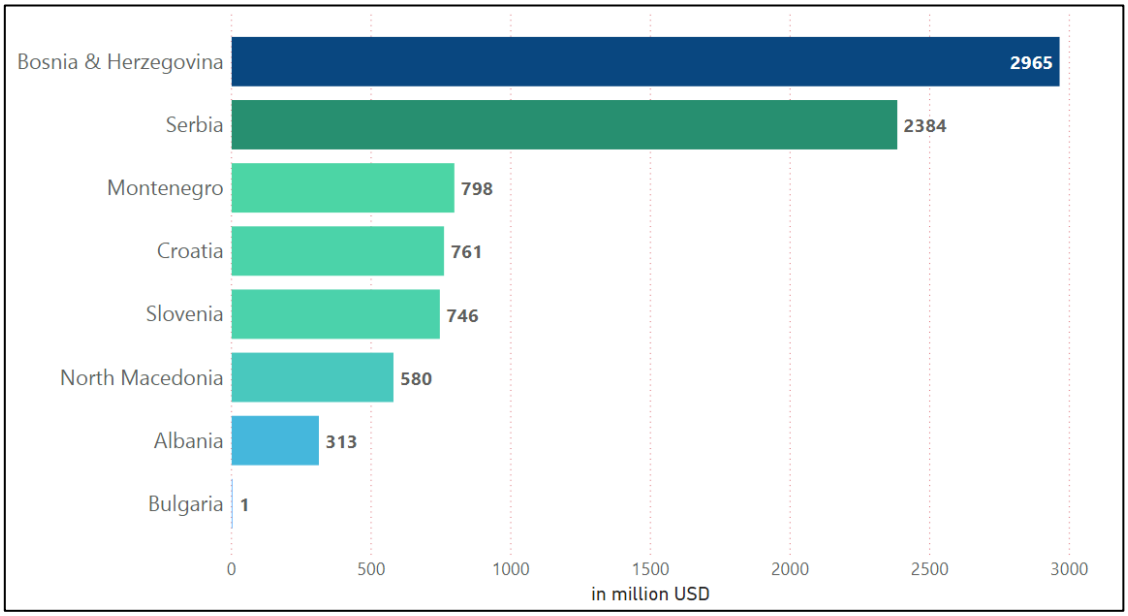
Concretely, the Chinese investments in the region are associated to the construction and the modernization of roads, railways, airports, and seaports. Only one of those investments corresponds to the acquisition of an airport. China Everbright, an asset management investment company, has taken over Tirana International Airport in Albania until 2025 (with a possible extension of two years). It should normally generate a descent cash flow for the company with a good return on investment. This acquisition was considered by China Everbright as being part of the BRI (Everbright, 2016), however, there are no specific mentions from the Chinese government about a possible link between this acquisition and the BRI. Moreover, the seaport investments are related to an upgrading of terminals, not to a complete acquisition as it was the case with the Piraeus port.

As a matter of fact, the construction and modernization of transport infrastructures could emphasize the overcapacity issue that the PRC is facing. Overall, China's production capacity

is higher than its actual production. The Balkans then offer opportunities for Chinese construction companies to mitigate their overcapacity problems (Tonchev, 2017). In the meantime, there is an excess of capital within the PRC. This excess, accompanied with an overcapacity issue, constitutes an obstacle to China's economic growth.

While CCCC is building roads and bridges in the region, with particularly its subsidiary CRBC, the Exim bank of China is for its part granting a considerable volume of capital. More than 40 % of the investments analyzed comprise a loan from this state-owned bank with a total of 5 billion USD and perhaps more. Typically, the loans are attached to public projects in which the bank covers 85 % of the capital required and the rest is financed by the recipient country. They usually have a low fixed interest rate of 2 % and a long maturity of 20 years what is relatively advantageous compared to other offers on the market (EBRD, 2016; Hurley et al., 2018). Even though Chinese loans seem to be attractive, countries bind to large loans or more generally to a bunch of infrastructure projects must be cautious concerning their public debt. As discussed previously, the Center for Global Development (2018) highlighted several countries which had a debt distress. Among them, Bosnia & Herzegovina which has a highly vulnerable debt distress and Montenegro with which the risk of a debt trap has been accentuated by the Chinese investments. The amount of Chinese investments in those two countries is rather high (see figure 20), and that could have consequences knowing that these countries do not perform well in terms of GDP. Bosnia & Herzegovina (ranked 114e) has a GDP of 20.162 billion USD and Montenegro (ranked 154e) has a GDP of 5.504 billion USD (World Bank, 2018). Compared to their GDP, Chinese transport infrastructure investments corresponds to 14.7 % in Bosnia & Herzegovina and 14.1 % in Montenegro, a large proportion for investments coming from a specific sector. In comparison, their total public debt in 2018 amounted to 37 % (Statista, 2020a) and 72.57 % respectively (Statista, 2020b). The case of Montenegro is certainly more problematic and the coming of the new Adriatic-Ionian Motorway, a route which stretches along the coastline of the Western Balkans, will not help. The one billion dollars Bar-Boljare highway had already increased the Montenegro's public debt substantially although it has at the same time boosted the economy (IMF, 2018).

Figure 20: Amount of Chinese transport infrastructure investments in the Balkans by countries



Data from table 2.

With regards to the implications of the PRC into those projects, the so-called debt-trap diplomacy may raise concerns. Western Balkans countries and particularly Montenegro must pay attention to their potential debt default because it may result to the acquisition of the infrastructure as it was the case in Sri Lanka (notwithstanding it is less likely to happen), or to a certain political leverage. In other words, in exchange of renegotiations, the PRC could increase its political influence in the region where some countries are still waiting to be part of the EU.

3.3.3 Conclusions

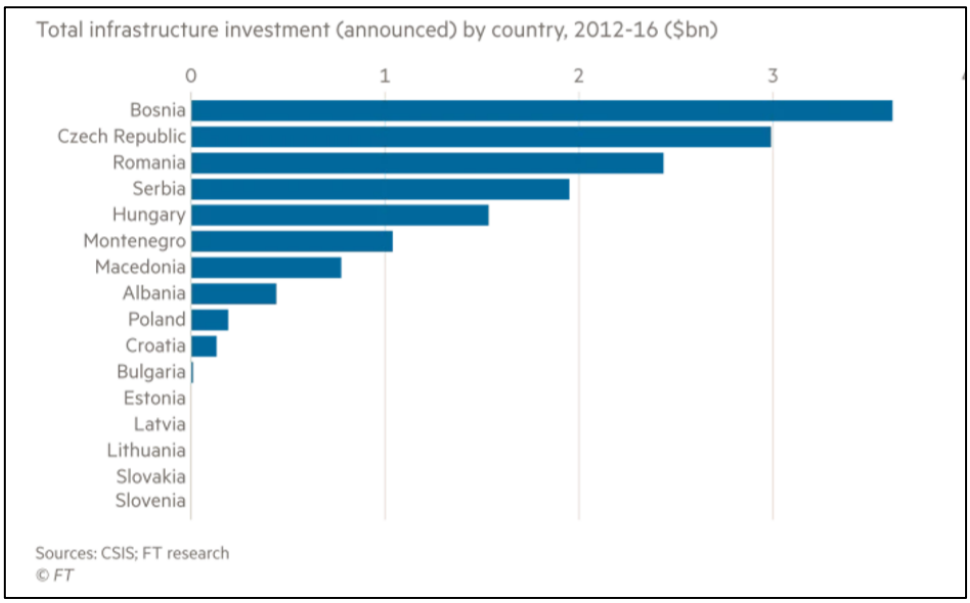
In the Balkans, the total of Chinese investments in transport infrastructure reaches more than 8.5 billion USD, it is roughly five times more than the Belgrade-Budapest railway. Clearly, the investments are not restricted to the BRI's corridors. On the contrary, they could rather translate the China's excess capacity that results from its unsustainable economic growth. In the meantime, those are evidences that the PRC can undertake large infrastructure projects with high value added. Infrastructure projects will eventually shorten existing trade routes what could beneficiate to Chinese goods, but it will mainly sustain the economic growth of the region. In parallel, the countries could collect transit fees on the transport of Chinese products (Kratz & Pavlićević, 2016). Finally, the Balkans serve as reference to Chinese capabilities and

high-level investment projects which should pave the way for imminent projects across Europe. Nevertheless, the attention should not be drawn to China's growing economic presence, but rather to the visible decline of the EU's aptitude to perform as a political-economic center of gravity.

3.4 The Central and Northeastern region

The analysis starts with Belarus which marks the entrance of the New Eurasia Land Bridge Economic Corridor (NELBEC) in Europe. Afterward, Chinese investments in Poland are examined as it is an important destination for Chinese freight trains, and the infrastructures in this country need to be developed. Finally, China's infrastructure investments are significant in Czech Republic (see figure 21), more than in Slovakia or in the Baltic countries, i.e., Estonia, Latvia, and Lithuania. There will be an investigation to find out if there is any reason behind.

Figure 21: China's infrastructure investments in the 16 + 1 cooperation



Source: (Kinge & Peel, 2017)

3.4.1 Belarus

Shanghai Institutes for international studies (2018) revealed that the renovation of the Belarusian railways' electrification was at the beginning the main investment linked to the NELBEC. Indeed, Belarus is an important transit point between Europe and Asia, and the upgrade of the electrification system is essential for the logistic of freight trains. In reality, several Chinese investments have been made in Belarus, most of them for the railway

electrification system, but also for roads and highways (see table 3). Once again, some of these projects were put in place before the launch of the BRI. The China National Electric Import & Export Corporation oversees the electrification projects by collaborating with the Belarusian railways while the China Road and Bridge Corporation is in charge of the Belarusian roads. The link between the Chinese government and the first corporation is unclear, but the second one is a SOEs which forms, with China Harbour Engineering Company, the China Communications Construction Group (Bloomberg, 2020). Regarding the financing, the main funders are Belarusian government agencies and the Export-Import Bank of China, except for one recent project which will be funded by the AIIB – the upgrading of the National Road R46 between Belarus and Russia (AIIB, 2019).

Those investments in Belarus will in fine help to develop the BRI, but it will mainly contribute to the development of the country. They should enable a better connection between the capital Minsk and other areas of the country. Furthermore, it should increase trade with neighborhood countries, notably Lithuania, Russia, and Ukraine. For instance, the electrification of the Molodechno-Gudogai-Kena section is going to better connect Belarus with Vilnius, and to a certain extent with the Baltic seaports. It should also help passengers to cross the border more easily (Belarus.by, 2017). In fact, typical BRI routes (roads and rails) are in good condition in Belarus, it is rather outside the main routes that there is a need of investment (Chervyakov & Radeke, 2018). This example shows that Chinese investments go sometimes beyond the economic corridors, but they can be inserted into the broader definition of the BRI which is: helping countries by developing infrastructure projects, and not specifically for increasing EU-China trade.

What is surprising is that around 75 % of the total amount (see table 3.) is dedicated to one project: The China-Belarus Great Stone Industrial Park. This industrial park is an enormous plan financed by Exim-Bank of China and China Development Bank and with a shareholders group mainly composed of Chinese corporations. The place is often defined as “the pearl of the Silk Road Economic Belt” (Chernogorova, 2019; CSIS, 2020). The reason is that the industrial park is a logistic hub located in the outskirts of Minsk at proximity of railway tracks, the international airport, and the transnational highway which connects Berlin and Moscow. Additionally, it is a free customs zone with lucrative tax exemptions (Great Stone Industrial Park, n.d.). Undeniably, the park constituted a strategic point in the NELBEC. Nevertheless,

the goal is to transform the region into a conglomerate of international companies emphasized on high-tech and innovative productions with high export potential (id.). Many Chinese tech-companies such as Huawei and ZTE are already established on the site. Given the different advantages of the park, those companies and other Chinese-related investments certainly have other objectives than the BRI's.

3.4.2 Poland

Compared to Belarus, Poland does not receive as much of Chinese investments for infrastructures. The amount in Poland is indeed lower what coincides with the study made by the Financial Times (see figure 21). Yet, a couple of infrastructure projects are being developed, but they are mostly funded either by the European Investment Bank or the European Union (CSIS, 2020). The difference of financing sources between Belarus and Poland highlights the EU influence on its members. On the one hand, Poland (EU member) seems to more contribute to the development of the TEN-T Network with the EU as source of financing. On the other hand, Belarus (non-EU member) seems to participate more directly in the BRI by accepting several Chinese infrastructure investments.

Some Chinese investments can still be examined in Poland, notably with State Grid Corporation of China (SGCC) which has undertaken the construction of high-voltage substations near the Belarusian border. According to their official website, the project is part of the BRI (SGCC, n.d.). Indeed, it is going to develop the electrification system of the region what will be beneficial for the numerous freight trains crossing the Polish-Belarusian border. Malaszewicze, situated at the border, is an important destination for Chinese freight trains arriving in Europe, but there is a shortage of equipment and a lack of efficiency on the ground (Van Leijen, 2018a). SGCC's project and its future investments in the region will not be the panacea but should help. Moreover, on site, projects' transparency is an issue which affect the businesses (id.). A good example is the company SGCC which discloses few information about its projects.

Besides Malaszewicze, Lodz is another significant transit point in the NELBEC. Located at the heart of Poland, the city is important for the logistic, and it is one of the final destinations of the Chengdu-Europe railway service (Xinhuanet, 2017b). A subsidiary of Power Construction Corporation of China (PCCC) obtained the permit to construct an expressway around Lodz.

PCCC or known as PowerChina had already contracted several projects in the region, e.g., the construction of flood control reservoirs and power transmission (PCCC, 2019). In fact, Lodz is a strategic city which includes a Special Economic Zone (SEZ), considered as the best one in Europe by the FDI Magazine (łódzka specjalna strefa ekonomiczna, 2014). The Lodz SEZ provides tax incentives up to 55 % of investment costs, professional advice, a good access to the railway system or to the international Lodz Airport, and even cooperation with local universities (Polish Investment & Trade Agency, 2019). It is a good opportunity for entrepreneurs and Multinational Corporations, but also for Chinese corporations. Therefore, developing the region around Lodz and its SEZ could be the first step before the establishment of Chinese companies within the SEZ in order to later gain access to the European market.

Finally, another noticeable investment in Poland is the acquisition of a waste management company – Novago, by China Everbright. The company China Everbright, which is under the State Council of China, categorized the acquisition as BRI-related investment and as the largest one in the environment industry in CEE countries (Everbright International, 2016). It is true that Novago will contribute to the BRI because construction projects generate a lot of waste. It will help to partly avoid landfill waste and obtain a more sustainable waste management. Nonetheless, Novago also produces alternative fuels from waste which can replace fossil fuels such as coal (Novago, 2020) while coal remain the most important fossil fuel of China – the world's biggest consumer of energy (Kroeber, 2016). Of course, the acquisition of one company is not going to transform the China's energy production and consumption, but that enables to acquire new technologies and know-how in that domain.

3.4.3 The Czech Republic

Regarding the Czech Republic, the attention is drawn by the Danube-Oder-Elbe canal. After a state visit by Xi Jinping in Prague, the countries pledged to invest one billion euros in that project (Almassy, 2016). In the end, the canal with a Y shaped will connect the three rivers and open up the Czech Republic to trade thanks to inland waterways. The Danube-Oder-Elbe canal has long raised debates within the Czech government. For some, digging hundreds of kilometers of artificial waterways is a megalomaniac nightmare which will necessitate more than ten billion euros of investment whereas the return on investment is too low. For others, it is a long-dreamed project which becomes true (Cameron, 2014).

The project is in its proposal and financing phase and still needs to be approved by Brussels (Kennety, 2018). It would have been logical to include a such project in the TEN-T network because the three rivers encompassed plenty of European countries from the North and Baltic Seas to the Black Sea. But numerous activists demand that no EU funds are involved in it and appealed to the European Commission to stop the project immediately. As far as they are concerned, it would be an ecological and economic disaster (WWF, 2020).

This tremendous project does not provide a complete explanation for the high amount of China's infrastructure investments in the Czech Republic (the 3 billion dollars estimated by the Financial Times in figure 21). Further researches will have to be undertaken. But the agreement to collaborate on this project, or at best the Chinese investments in the Y-shaped canal, are certainly going to help the PRC to build strong ties with the Czech Republic, or at least a part of the public opinion which is in favor of the project.

3.4.4 The other countries of the region

To end this regional analysis, the other countries, like Moldova or Ukraine, have already obtained significant financing from the World Bank, the European Investment Bank, and the European Bank for Reconstruction and Development in order to develop their national infrastructure (CSIS, 2020), and de facto be more included in the TEN-T network. Yet, there is still a need for investments. In Moldova, China Hyway Group and China Railway Group are in negotiations to construct two highways with a cost of about 400 million USD, entirely financed by China or through a split mechanism (85% - 15%) between China and Moldova (Xie, 2019).

Regarding the Baltic countries, it is the same outcome, notwithstanding a lower need of infrastructure investments. Two Baltic Sea ports should nevertheless be more scrutinized. First, the Riga port which received investments from China Harbour Engineering Company. Around 110 million USD were invested in infrastructure on Krievu Island (territory of Riga Freeport) in order to decentralize a part of the activities and increase the cargo turnover (Riga Commercial Port, 2014). Second, the Klaipeda port. China Merchants Group signed a cooperation agreement with the port and the Klaipeda free economic zone in order to move forward altogether (Zheng, 2015). One project would be the construction of a deep-water port worth 800 million euros, but at a cost of environmental impact and potential unwanted political influence from the PRC (Jakučionis, 2019). These two ports are important gateways

to access to the Baltic sea and Scandinavian countries, Chinese companies may in the future invest more heavily in these or in infrastructure around, that could establish a connection with the Great Stone Industrial Park in Belarus.

Overall, more China's infrastructure investments could in the future appear in the Central and Northeastern region, and particularly in Slovakia given its strategic location. The Slovakian ministry declared its intention to be part of the New Silk Road and connect its country with the different corridors (Van Leijen, 2018b). A connection with the Balkans thanks to the Belgrade-Budapest line and another one with the Trieste port. CCCC and the Port Authority of Trieste envision to upgrade and manage the link between Trieste and the intermodal terminal of Kosice, in Slovakia (Xinhua Silk Road, 2019).

3.4.5 Conclusions

The railway network related to the NELBEC is well developed, as a result, there are few Chinese investment directly linked to the rail system. Yet, several projects of railways electrification can be observed along the corridor in Belarus and Poland. Likewise, vast investments and high interest in SEZ around, such as the Great Stone Industrial Park or the SEZ in Lodz. They are going to move forward Chinese companies for gaining access to the European market. Plenty other projects are underway with financing both from the EU and China, but some projects financed by China, the Y-shaped canal or the development of seaports in the Baltic sea, are rising more environmental concerns.

4. Global analysis

While the BRI is drawing most of attention, the initiative is not always visible on the ground. To understand that, Chinese investments from all of the three regions analyzed have been put together into one dataset, and subsequently BRI indicators have been created and attributed to each project. The indicators are (see the complete list of projects table 4):

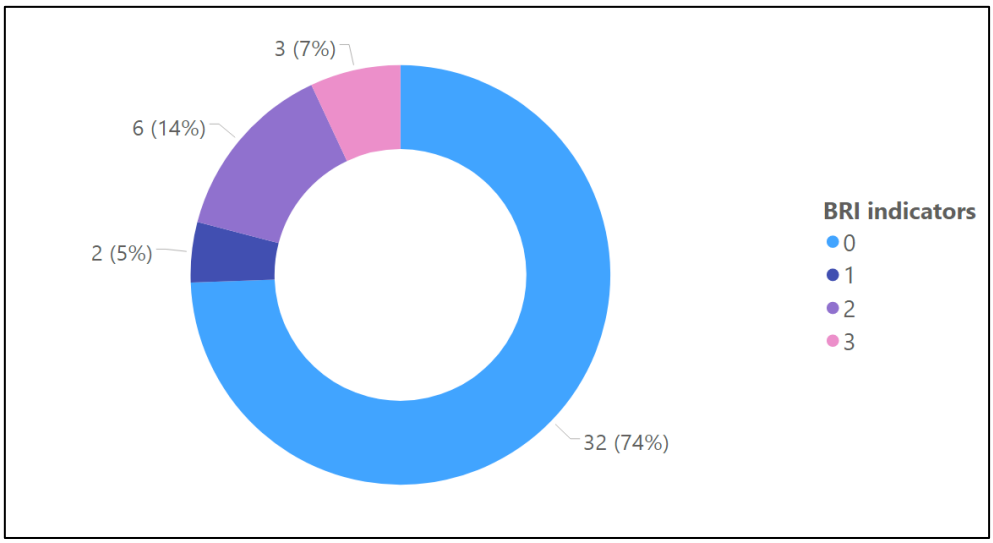
BRI indicator 0: For projects which are not directly part of the BRI, i.e., projects outside of the corridors.

BRI indicator 1: For projects which are labelled BRI, but the connection with the initiative is uncertain. In other words, it includes projects which are outside of the corridors, but they are characterized as participating project.

BRI indicator 2: For projects which are labelled BRI or with a more certain connection with a corridor.

BRI indicator 3: For the flagship projects of the BRI.

Figure 22: Number of Chinese infrastructure projects by BRI indicators in the 3 regions analyzed

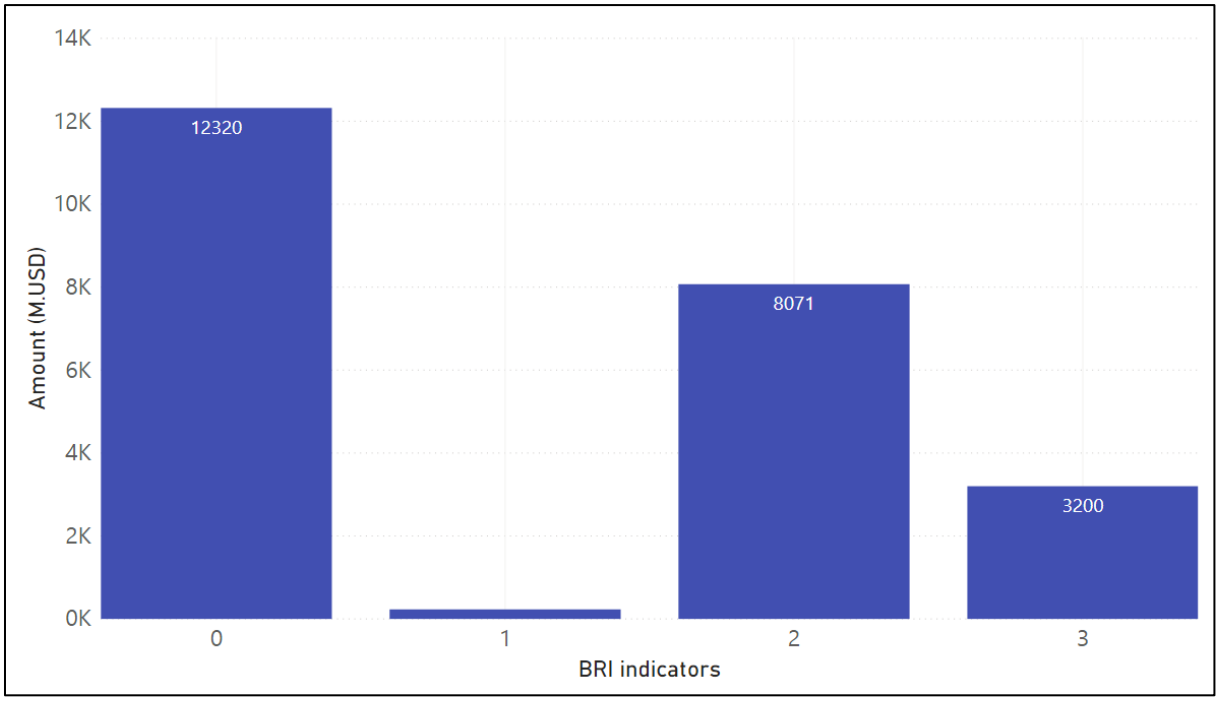


The conclusion is that the majority of investments is not directly part of the BRI as show the indicators 0 and 1 combined – 79 % of projects (see figure 22). Some of them are even labelled BRI (with the indicator 1) that, however, constitutes a very small number of projects: only two investments which are made by China Everbright (a financial services company). On their website and in their press releases, it is stated that those two investments are in line with the

strategy of the BRI (Everbright, 2016; Everbright International, 2016; Novago, 2020) whereas a direct connection with the corridors is difficult to imagine. On top of it, the Chinese government does not seem to give much attention about them. Nevertheless, these suspicious cases are rather uncommon, very few companies utilize the BRI label to promote their own project(s) or at least they do not publicly. Neither does the Chinese government for most infrastructure investments in Europe. Instead, it is often media which cultivate the excitement surrounding the BRI in order to capture readers' attention, notably with the Great Stone Industrial Park described by the press as the "pearl of the Silk Road".

Undeniably, there are projects which can more easily be related to the BRI. Firstly, projects with the indicator 2 which are mostly investments along the active corridor – the NELBEC, and secondly, the flagship projects with the indicator 3: the Piraeus port and the two sections of the Belgrade-Budapest railway, which are highly praised by the PRC. Although they are not many evident cases – 6 for the indicator 2 and 3 for the indicator 3, these are quite important in terms of amount invested (see figure 23), more than 11 billion USD in total.

Figure 23: Amount of Chinese investments by BRI indicators in the 3 regions analyzed



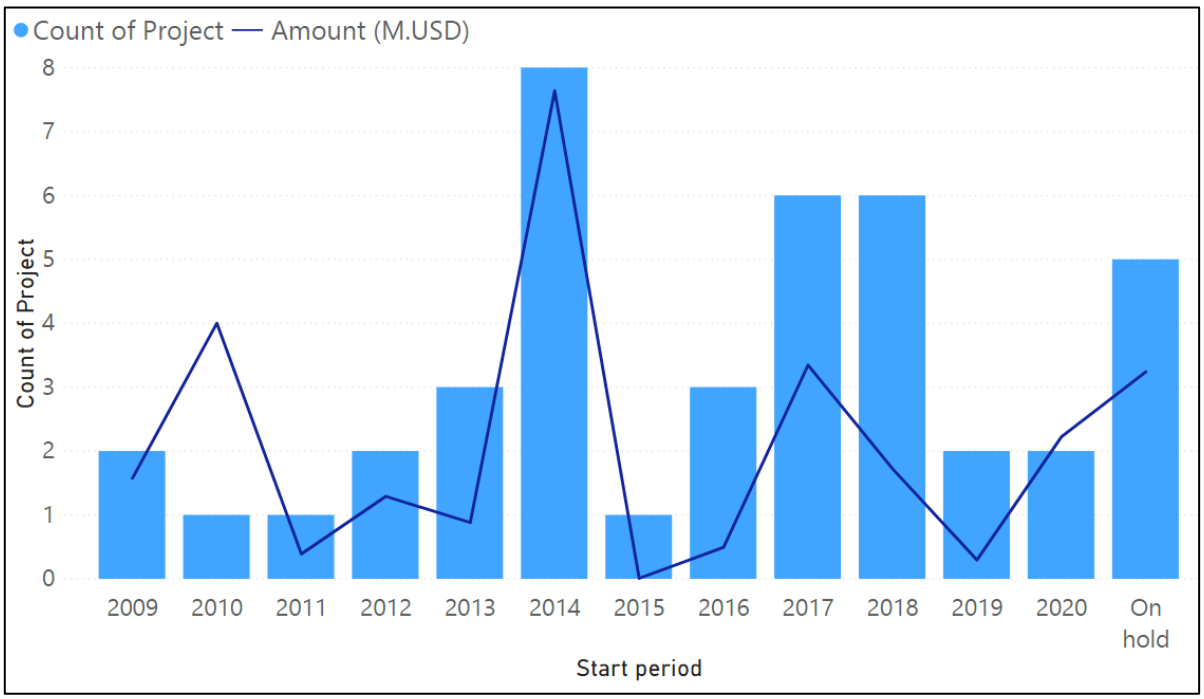
Chinese officials are in fact keen on promoting the BRI, but when it comes to concrete BRI projects, Chinese companies tend to vanish, except for flagship projects in which they poor a

lot of money. As a matter of fact, investments are rather outside the corridors and often far from the BRI corridors. It comes to wonder why the PRC is still promoting its BRI in Europe and what are the benefits for them to invest around.

4.1 Timeline analysis

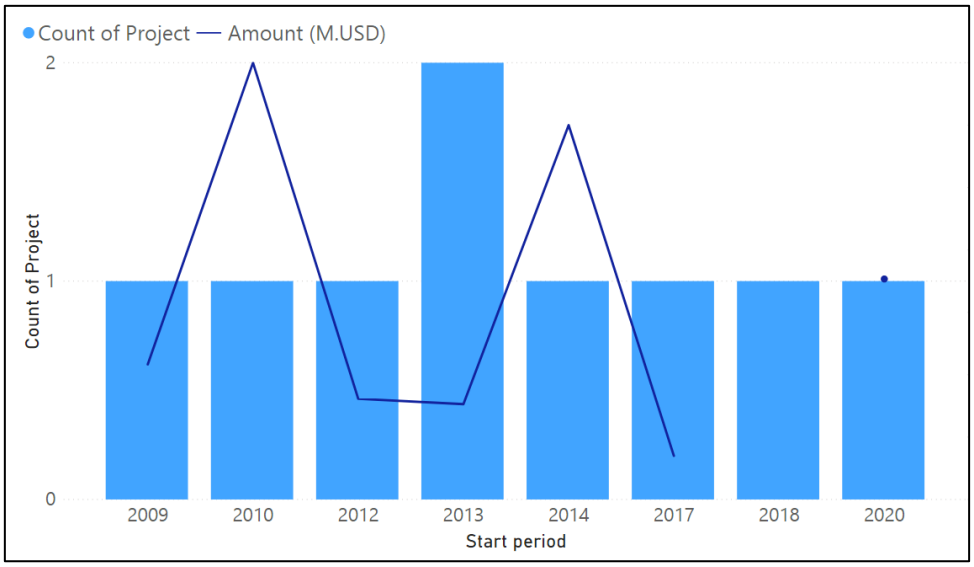
After the famed speech of Xi at Nazarbayev University, the BRI has without a doubt received a craze rapidly. Shortly thereafter, in 2014, Chinese infrastructure projects (in all three regions combined) reached a peak in terms of amount invested and number of projects (see figure 24).

Figure 24: Amount of Chinese investments and number of projects by year for projects with BRI indicators 0, 1, 2, and 3



Yet, most of the projects of that year (2014) are not connected to the BRI (indicator 0). Contractors may have just reaped success from the initiative to conclude transactions and plan new ones for a near future. In reality, looking at the projects with the indicators 2 and 3 only, i.e., related to the BRI, there is no boom in projects after the launch of the BRI (see figure 25). It had already started in 2009 with primary investments in the Piraeus port by COSCO then, with the Great Stone Industrial Park one year later. Afterward, the number of projects has remained constant up to now with some fluctuations with respect to money invested.

Figure 25: Amount of Chinese investments and number of projects by year for projects with BRI indicators 2 and 3



4.2 Projects analysis

Clearly, in all three regions analyzed, there is a high interest by SOEs and other Chinese companies in developing infrastructures, particularly in the Balkans where the need for infrastructure is greater. Massive and cross-border constructions are underway in this region, especially roads and highways in the western part, and many more are under negotiations. Meanwhile, in the two other areas (the Mediterranean and Northeastern region), one observes more investments related to renovations or upgrading of infrastructures what can commonly be the electrification of railways mainly in Belarus and Poland, or investments in seaports in the Mediterranean and Baltic Sea. Another noticeable observation is the contribution of giant Chinese companies in the construction or development of logistics centers which are in most cases part of a SEZ (the Trieste port and the Klaipeda port as well as the Great Stone Industrial Park and possibly the Hellinikon Project). A solution to circumvent the EU's import duties and anti-dumping tariffs, and for Chinese manufacturers to locate their facilities close to the EU market where labor may be relatively cheap.

For an export-driven country, it is essential to have access to markets, and that can be done through infrastructures, either from existing ones or by developing new ones. The core of Europe acts both as an origin and destination for Chinese goods and commodities as showed with the amount of trade exchange (imports and exports) between those countries and China

(see Annex 20). While the other European countries along the BRI corridors are rather intermediary links (with room for investments).

By developing infrastructures, it is one way to reduce transportation time so as to keep on offering competitive products. Nevertheless, it is somewhat optimist to affirm that positive outcomes from BRI investments in Europe will appear any time soon. On the one hand, a lot of large projects are ongoing, and it will take time for them to be fully operational. They have a long-term perspective and given the constraints that the EU might pose, in order to comply with its laws, that could take a little longer, as it was the case with the Belgrade-Budapest railway and the section in Hungary. On the other hand, it is not certain whether it will really improve transportation time, e.g., a gain of only few hours for the Land Sea Express Route, or even the Y-shaped canal with which specialists confirm that it will not be used as a game-changing means of transportation for trade. Additionally, the inactive corridor (the CCAWEC) which was supposed to be part of the multimodal strategy will not be effective before the next decade.

Naturally, terrestrial routes account for a small percentage of trade between Europe and China, hence, if China aimed to reduce transportation time, it would invest in maritime routes. What COSCO did massively in the Piraeus port; the port became a central point in its strategy, but COSCO still relies on the northwestern ports for its shipping routes (COSCO, 2020). Taking everything into consideration, shipping time from Chinese ports to the Piraeus port with the addition of time to reach the core of Europe by land is not an obvious faster way than shipping directly to northwestern ports. Between Shanghai and the Piraeus port, transit time is in the vicinity of 22 days, up to 10 days less than to reach Rotterdam or Hamburg (EBRD, 2016). However, shipments often need to arrive in the Netherlands, France, and Germany (Eurostat, 2019), and once they reached the Piraeus port, they must go through rail networks that often need upgrades or harmonization to cross numerous borders. To illustrate this, it already takes 4 to 8 days for COSCO to get through the Balkans and attain Budapest (Szalai, 2017).

4.3 Geographical analysis and political prospects

The major difference between the traditional shipment route and the recent one which goes to the Piraeus port is that goods passes through the Balkans and other CEE countries. With this, plus the development of national projects, it can lead to economic growth in the region. Countries could in fact receive higher incomes thanks to transit time and could increase bilateral trade both with the EU and China (directly or indirectly). The need to boost the economies along BRI routes is also in the interest of the PRC in order to boom demand for Chinese goods and services. The same conclusion could be drawn in the Baltic region where China Merchants Group is going to invest in the Klaipeda port to enable the access of larger ships. In the end, CEE countries (and Greece) will be able to play a more considerable role in trade especially at regional scale. Thanks to cross-border projects like the Adriatic-Ionian Motorway for example, trade should rise between neighborhood countries. If it is accompanied by a significant economic growth, direct trade with China could go up as well bypassing in some cases Western countries and strengthening ties with the former (without taking into account the current crisis). If so, China will gain stronger trade partners which can pave the way for new allies and support on the international stage unless it is the case already.

Trade between China and CEE countries had already been increasing over the past decade, and in parallel a surge in investments in some of those countries had occurred (EBRD, 2016; Kratz, 2016). It turns out that the 17 + 1 cooperation which aims to strengthen dialogue and cooperation between the nations involved has come to fruition. That can be seen more obviously through the number of deals announced during the summits or the investment funds created thereafter. In fact, the 17 + 1 cooperation is a tool to promote infrastructure projects including BRI-related projects. Its link with the BRI is strong. Firstly, in terms of geography because the countries of the cooperation encompass a strategic territory for the BRI. Secondly, in terms of legitimacy of the initiative, which is reflected either by MoU or with support during high-level multilateral meetings (Kratz, 2016).

Besides the economic aspects, China's relations with CEE countries has improved greatly. One clear result is the support in controversial matters of those nations toward China. Viktor Orbán, for instance, does not hesitate to stand up for China and already blocked, in the past, some EU statements which condemned the China’s actions (Emmott & Koutantou, 2017). So

did the Greek government in certain cases (id.) and certainly other CEEC. Serbia, which received among the largest investments, has very strong ties as well. Its position is to support Chinese interests and China's stance on topics such as Taiwan, Tibet, and the Xinjiang region (Kratz, 2016; Hopkins, 2020), reciprocally China feels concerned about the Kosovo independence and stands against it since the beginning (Beck, 2008; Hopkins, 2020). Regardless the ethical aspect, supporting a nation is not an issue per se, nevertheless when it emanates from EU member states such as Greece and Hungary, or prospective member like Serbia, it can be seen as an attempt to counter EU's stance as a whole. To a certain extent, it could undermine the BRI vision of some other EU member states seeing that Greece, Hungary, and Serbia are apparent countries supporting China, but they are also those which host flagship BRI-projects.

4.4 Analysis from the European Union's side

The increase of Chinese influence in Europe is a growing concern in Brussels. With now 27 members in the EU, 14 votes are necessary to obtain a simple majority for decisions. The 17 + 1 cooperation already accounts for 12 EU members, that means if the PRC rallies all of these members, it may need two more votes to attempt to balance decisions in its favor. However, the Council of the EU rarely takes decisions by simple majority. Approximately 80 % of EU legislations used a qualified majority instead, and to adopt a decision with this kind of majority, votes must contain 65 % of the population in the EU (the Council of the EU, 2020). Yet, without Germany, France, and Spain, the largest EU countries which together possess more than 44 % of the EU population (Eurostat, 2020), it is impossible. The PRC is perhaps raising debates and dividing nations on specific topics, nonetheless, it is not conquering Europe nor counterbalancing all EU decisions for now, decisions which can have implications for its BRI.

When Italy signed a MoU under the BRI, in spite of no legal implications, a fear of dividing the EU increased. Understandably, Italy is the largest economy and the first G7 country to have contracted a document under the BRI, but also a key partner for the EU. It was besides among the first to request a EU framework for FDI screening (European Parliament, 2017a). However, Italy will not turn its back on the EU, and opinions within Italian governments are not homogenous regarding the Sino-Italian relationships (Ng, 2019). Political parties in power can

in fact have significant consequences with respect to China's influence. Still, in front of an impressive source of financing, it is hard to close the door. In the aftermath of the Eurozone crisis, China was a good response to the European economic recovery, and still now with its BRI as for some, it is an opportunity for accelerating the EU accession.

The Western Balkans is the least developed region in Europe in terms of GDP (see table 1) as well as in infrastructure (see annex 13-14), it is also a region where countries are not part of the EU (except for Croatia and Slovenia). The great number of Chinese infrastructure projects in the region could support the EU adhesion process. Indeed, countries in the Western Balkans face a dilemma: they cannot have access to large EU structural funds as long as they are not part of the EU, but in order to make headway toward the accession, they must improve their infrastructures and transport links within their territory and across their borders (EBRD, 2016). There exist multiple sources of financing supporting EU enlargement and socio-economic development, though, such as the Instrument for Pre-accession Assistance – IPA II funds (European Commission, 2020b), the Berlin process, and other source of funds (e.g., the Western Balkans Investment Framework). Hence, China could help by offering the remaining financing needed that the EU and the other international financial institutions do not provide.

Additionally, Chinese investments are frequently seen as an appealing alternative to slow EU approval processes and other institutional obstacles (EBRD, 2016), so countries tend to downgrade the perception of risks and dependency (EBRD, 2017) as well as socio-environmental issues to obtain those investments, as it was the case with the Y-shaped canal. Therefore, infrastructure projects may not be conformed to EU guidelines or may undermine EU policies. BRI-related projects should then pay attention to those, otherwise the EU's response could have serious consequences. The Hungarian section of the Belgrade-Budapest railway is a good example of this and more situations like that could happen again given the model Chinese investments are based on. Usually, these are "loan-and-build contracts" which means that a Chinese state-owned bank will grant a loan provided that the project is mostly undertaken by a Chinese company with Chinese procurement, and that, in the EU's internal market, would constitute a violation of EU laws (European Parliament, 2017b). What is more, between 2013 and 2015, a study has demonstrated that 70 % of overseas credit granted by the China Development Bank or Exim-Bank of China (the major Chinese funder for infrastructure projects in CEEC) was based on the condition that a part of the credit must be

used for Chinese equipment and Chinese labor, for example, about 7,000 Chinese workers contracted by CRBC helped to build the Pupin Bridge in Serbia (Tonchev, 2017). An issue which could have consequences on the development of local economies.

The EU has already responded to the China's involvement in European infrastructure projects. A first response was the establishment of the EU-China connectivity platform. Since 2015, the European Commission and the National Development and Reform Commission of China are cooperating to enhance synergies between the TEN-T network, representing the EU's approach to connectivity, and the BRI. More importantly, the EU supervises the Chinese projects within its border and assure that they are conformed to EU rules with greater transparency and reciprocity in market access (European commission, 2020c). In practice, it is more difficult. A list of infrastructure projects has been published still, many of them are lacking transparency and supervision from the EU.

Conclusions

The Belt and Road Initiative has vast impacts on international relations and will continue to do so for the forthcoming years. The initiative drives debates on the role that the People's Republic of China plays in the world and its political leverage that may result from its investments. At the time of EU crisis, the PRC seems to be a good alternative for nations less tied to the West. The former is gaining considerable international sways and can offer attractive financing as well as companies which have proved to be capable of undertaking large infrastructure projects with high technologies.

Understanding the strategy remains a tedious task, though. Media circulate information which are not always accurate; some figures may appear from unreliable sources which often protect their own interests or national directives. Certainly, media participate in the hype surrounding the BRI but can also influence our personal views.

Here is what the research can tell about the initiative and its strategy:

1. **The Belt and Road Initiative is not the only strategy developing infrastructures which aim to connect regions.** In Europe, the Tent-T network is already well in place, and there also exist more regional initiative like the Three Seas Initiative, or the Middle corridor which is growing on the routes of the Ancient Silk Routes too. What differs from the others is its magnitude and ambitions. The BRI is not a regional initiative, but rather a global initiative in which the PRC has motivations to expand it in each corner of the world. Despite the different corridors, the BRI does not seem to have real borders.

2. **The Belt and Road Initiative is rather broad and flexible than vague.** The document "vision and actions" released by Chinese officials defines several aspects of the initiative and these are translated into five cooperation priorities. It does not provide all the intentions of the PRC, but it gives a good first understanding of the strategy. Clearly, the BRI goes beyond economic matters, and the accent is on cooperation and partnerships. That was also the case when the 17 + 1 cooperation was established.

3. **The Belt and Road Initiative is a friendly framework, not an aggressive strategy.** As it can be illustrated with Memorandum of Understandings, the initiative is often used as a pretext to strengthen relations between parties. Very often, the documents cover a myriad of fields, more than just BRI-infrastructure projects. The Belt and Road Initiative Forum or China-CEEC summits also help to conclude one set of deals. Nevertheless, Chinese companies remain cautious regarding the BRI-labelling in Europe, so does the Chinese Communist Party. Maintaining good relations is in fact more essential than BRI-related projects.

4. **The Belt and Road Initiative truly lacks transparency regarding its related projects.** Compared to Europe, which is constantly in search for greater transparency, the PRC is on the contrary opaquer. It reflects the China's customs of not revealing everything. Indeed, the Chinese government does not provide a concrete list of projects as may do the European Commission, not to mention the financing and other agreements linked to the projects' contract. It is unclear which projects are really encompassed in the strategy, therefore. Any projects can potentially be part of it, nevertheless if the corridors are considered as being central in the strategy, then very few projects are actually related to it in Europe, apart from flagship projects. Indeed, Chinese SOEs and companies are more looking for markets and opportunities than projects which are line with the BRI.

5. **The Belt and Road Initiative aims to increase trade along its corridors, but mainly outside**. By investing massively in infrastructures, the PRC is developing economies and new markets. Trade routes are going everywhere, however, they are all converging to Mainland China. By creating a multi-modal transport network, China will eventually avoid dependencies, but may create one for some other nations. Yet, it should facilitate the flow of economic resources as well as boom the demand for its goods and commodities. What is more, by investing in national economies and in long-waited sometimes controversial projects, the PRC is making new allies.

6. **The Belt and Road Initiative is reshaping regional economic integrations**. The most obvious evidence is the 17 + 1 cooperation. Although the cooperation was not created for the BRI per se, it possesses strong links with the initiative. This Chinese-led multilateral cooperation is challenging previous cooperation already in place in the region such as the Central European Initiative or, to a certain extent, the EU. That's not all, a 5 + 1 cooperation with Scandinavian countries is conceivable as well as a 7 + 1 cooperation encompassing Mediterranean countries. The common characteristic of these cooperations is that the PRC plays and will play a central role despite its geographic distance. Its growing influence in Europe, however, could be at the expense of the EU's and its ability to act as a political-economic center of gravity.

7. **The Belt and Road Initiative seems to reflect the Chinese economy and its current challenges.** Indeed, it serves as a purpose to revive the Chinese economy which is slightly declining. The strategy has long been present and can be seen as an extension of the Go Out policy which was initiated by the Chinese government in the late 1990s. The motivations of expanding the Chinese SOEs abroad and increasing overseas investments are still there and are reflected by the BRI.

Despite the friendly framework that the BRI provides, a fear of China may increase because of its ambitions and its global prospects. A fear that China can influence our existing world and propagate its own system, values, and standards. Its growing presence in maritime trade routes, and more generally, in infrastructures is proof of this. China's hegemony replacing the West is not for tomorrow, nevertheless having a neighbor not well known, different, and not fully transparent, will probably not be accepted in every place. While a Chinese military presence in the Mediterranean Sea is perceived as a threat for some, the U.S presence is largely seen as a security. A new Cold War is emerging between the downswing of the U.S hegemony and the upswing of the China's influence. Meanwhile, the EU is in between. The PRC has long used the economic, historic, and political gap that exist between the core of Europe and its periphery to gain influence. Now, through its BRI, the PRC is attracting not only CEEC, but also the core of Europe.

To date, opinions across countries and within governments continue to diverge. Even within the EU, heads of state are uncapable of reaching a common agreement over the initiative. More dialogues between the two blocks are necessary. The harmonization of the Tent-T network and the BRI through the EU-China connectivity platform arrives at the right moment, it must still prove itself, though. Finally, more transparency about the projects and the financing could help to nurture good relations. Likewise, the compliance of EU laws. Geographically, one Europe is possible, but politically it is another thing. Economies and culture are not homogeneous either. In the end, Europe cannot retain the China's hunger for gaining influence and support on the international stage.

"*A near neighbor is better than a distant relative*" (Xi, 2013, para. 3).

Limits and further researches

Chinese investments in Europe constitute a huge number of projects which are difficult to list. It is even harder to conclude which projects are really part of the strategy and which are not. Therefore, some investments may be missed meanwhile some should be analyzed more deeply. In addition, infrastructure projects do not often go as planned, and given that data used are often from initial reports or from the announcement of the deal, the amount of the investment, the time frame, or even the contractors may not be fully accurate. On top of it, the BRI is evolving fast with frequently new Chinese investments both inside and outside of corridors, the last investment in this document dates from June 2020, and some others are still in negotiation. Furthermore, because of the proximity that the author has with the West and the greater availability of Western sources, this paper could have slightly been influenced on certain aspects of the initiative. Nevertheless, the same general conclusions can be drawn.

The PRC has obviously other motivations in implementing the BRI than those listed in this document and in the conclusion. For instance, the internationalization of its currency (the Renminbi) thanks to financial places like Switzerland and Luxembourg, hence, it would be interesting to analyze how the currency can play a role in the BRI. Moreover, this Chinese investment analysis were more focused on transportation, yet there are talks about a possible Digital Silk Road with massive investments in optical cables and digital network, not to mention energy infrastructure investments which are significant too, especially in Bosnia & Herzegovina, Romania, and Poland. They are investments in renewable energies as well as in coal-based thermal power plants and in nuclear energy what may not coincide with the EU guidelines regarding the climate change.

Finally, further researches can be made about the impact that the BRI could have: on trade, on the debt that countries may generate because of loans and expenses linked, on the relations between China and a specific country or region, and on the current pandemic-crisis which could stall projects and above all, increase the debt trap issue and the dependency with China.

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Tables

Table 1: Countries participating to the BRI and year of BRI-agreement document signed

Country	EU member	17 + 1 member	GDP	GDP per capita	Year
Albania	Candidate	x	15,102.50	5,268.8	2013
Armenia	No		12,433.09	4,212.1	2013
Austria	1995		455,285.82	51,499.9	2018
Azerbaijan	No		46,939.53	4,722.4	2013
Belarus	No		60,031.26	6,330.1	2013
Bosnia & Herzegovina	Potential	x	20,161.87	6,065.7	2013
Bulgaria	2007	x	65,132.95	9,271.5	2013
Croatia	2013	x	60,971.70	14,915.4	2013
Cyprus	2004		24,961.99	28,689.7	2018
Czech Republic	2004	x	245,225.88	23,069.4	2013
Estonia	2004	x	30,732.14	23,247.1	2013
Georgia	No		17,599.66	4,722.8	2013
Greece	1981	x	218,031.84	20,316.6	2019
Hungary	2004	x	157,882.91	16,150.8	2013
Italy	Founder		2,083,864.26	34,488.6	2019
Latvia	2004	x	34,409.23	17,854.8	2013
Lithuania	2004	x	53,429.07	19,071.3	2013
Luxembourg	Founder		70,885.33	116,597.3	2019
Malta	2004		14,553.42	30,030.0	2018
Moldova	No		11,443.67	4,228.9	2013
Montenegro	Candidate	x	5,504.17	8,845.9	2013
North Macedonia	Candidate	x	12,672.13	6,083.7	2013
Poland	2004	x	585,663.81	15,422.5	2013
Portugal	1986		240,674.52	23,403.2	2018
Romania	2007	x	239,552.52	12,306.1	2013
Russia	No		1,657,554.65	11,288.9	2013
Serbia	Candidate	x	50,597.29	7,246.2	2013
Slovakia	2004	x	105,904.63	19,443.6	2013

Slovenia	2004	x	54,007.97	26,041.8	2013
Switzerland	No		705,140.35	82,828.8	2019
Turkey	Candidate		771,350.33	9,370.2	2013
Ukraine	No		130,832.37	3,095.2	2013

Source: (European Union, 2020), (World bank, 2018), & (Chin & He, 2016).

Table 2: Transport infrastructure projects financed or undertaken by Chinese SOEs and banks in the Balkans

Country	Project	Type	Chinese Funders	Chinese Contractors	Period Planned	Amount (M.USD)
Albania	Adriatic-Ionian Motorway	Road	Unknown	China Pacific Construction Group	On hold	Unknown
Albania	Arber Highway Project (Tirana-Dibra section)	Road	Exim-Bank of China	China State Construction Engineering Corporation	2014 - 2022	214
Albania	New Port of Shengjin	Seaport	/	CCCC	2013	7
Albania	Tirana International Airport (acquisition)	Airport	China Everbright	China Everbright	2016 - 2027	92
Bulgaria	Expansion of Varna port	Seaport	/	China Machinery Engineering Corporation	2018 - 2021	1
Bosnia & Herzegovina	Banja Luka - Mliniste Highway	Road	Exim-Bank of China	Power Construction Co. & Sinohydro Co.	2014 - 2018	1580
Bosnia & Herzegovina	Banja Luka - Novi Grad - Dobrin Rail	Rail	Shandong Hi-Speed Group	Shandong Hi-Speed Group	2017	640
Bosnia & Herzegovina	Banja Luka - Prijedor - Novi Grad, motorway	Road	China Shandong International Economic and Technical Co.	China Shandong International Economic and Technical Co.	2018	335
Bosnia & Herzegovina	Vukosavlje-Doboj Highway Project	Road	Sinochem Group	On hold	2018	410
Croatia	Rijeka-Zagreb Rail, Section Karlovac - Oštarije	Rail	/	CRBC	2018 - 2023	450
Croatia	Peljesac bridge	Road	CRBC	CRBC	2018 - 2021	311
North Macedonia	National Roads Program Tranche 1 - Stip– Kochani	Road	/	Sinohydro Co.	2014	Unknown

North Macedonia	Kicevo-Ohrid and Miladinovci-Stip Highways (and tunnels)	Road	Exim-Bank of China	Sinohydro Co.	2014 - 2018	580
Montenegro	Adriatic-Ionian Motorway	Road	Unknown	China Pacific Construction Group	On hold	Unknown
Montenegro	Bar–Boljare Highway Smokovac-Matesevo Section	Road	Exim-Bank of China	CRBC	2014 - 2020	791
Montenegro	Kolasin-Kos Railway Upgrade	Rail	/	China Civil Engineering Construction Co.	2015 - 2017	7
Serbia	Belgrade-Budapest railway, the section Belgrade Center - Stara Pazova	Rail	Exim-Bank of China	CCCC & China Railway International	2017 - 2020	350
Serbia	Belgrade Bypass Road (section B)	Road	Exim-Bank of China	Sinohydro Co.	2016 - 2020	203
Serbia	Bridge Zemun – Borca with access roads	Road	Exim-Bank of China	CRBC	2014 - 2016	217
Serbia	Design and construction of a highway from Iverak to Lajkovac and regulation of the river Kolubara	Road	Unknown	Shandong Hi-Speed Group	2020	178
Serbia	E-763 Highway Belgrade, Obrenovac - Ub and Lajkovac - Ljig sections	Road	Exim-Bank of China	Shandong Hi-Speed Group	2014 - 2017	301
Serbia	E-763 Highway Belgrade, Surcin-Obrenovac section	Road	Exim-Bank of China	CRBC	2017 - 2020	234
Serbia	E-763 Highway Belgrade, Preljina - Pozega section	Road	Exim-Bank of China	CRBC	2017	507
Serbia	Novi Sad - Ruma road	Road	/	CCCC	2017	450
Serbia	Pupin Bridge	Road	Exim-Bank of China	CRBC	2009 - 2014	294
Slovenia	Maribor Airport (revamp)	Airport	/	China State Construction Engineering Corporation	2017 - 2032	746

Source: (CRBC, n.d.), (CSIS, 2020), (EBRD, 2016), (European Commission, 2020c), (WBIF, 2020), (William & Mary, 2020), & national governments and local press releases.

Conversion: 1EU = 1.13 USD & 1 CNY = 0.14121 USD

Table 3: Chinese infrastructure investments in Belarus

Project	Type	Chinese Funders	Chinese Contractors	Period (Planned)	Amount (M. USD)
Molodechno-GudogayState Border Line	Electrification of Railways	Exim-Bank of China	China National Electric Import & Export Corporation (CUEC)	2013 - 2017	76.4
The Gomel-Zhlobin-Osipovichi Section	Electrification of Railways	Exim-Bank of China	China National Electric Import & Export Corporation (CUEC)	2012 - 2015	80.7
The Zhlobin - Kalinkovichi Section	Electrification of Railways	Exim-Bank of China	China National Electric Import & Export Corporation (CUEC)	2018	Unknown
Bobruisk-Zhlobin Highway	Road	Exim-Bank of China	China Road and Bridge Corporation	2012 - 2016	322
Zhlobin-Gomel Road	Road	Exim-Bank of China	China Road and Bridge Corporation	2011 - 2014	340
Upgrading of the National Road R46	Road	AIIB	Unknown	2019	258
China-Belarus Great Stone Industrial Park	Infrastructure, logistics and production	Exim-Bank of China & China Development Bank	China National Machinery Industry Corporation (SINOMACH), China Merchants Group, China CAMC Engineering Co., & Harbin investment Group Co.	2010 - 2045	3500

Data from: (AIIB, 2019), (CSIS, 2020), & (William & Mary, 2020).

Table 4: Chinese infrastructure projects with BRI indicators

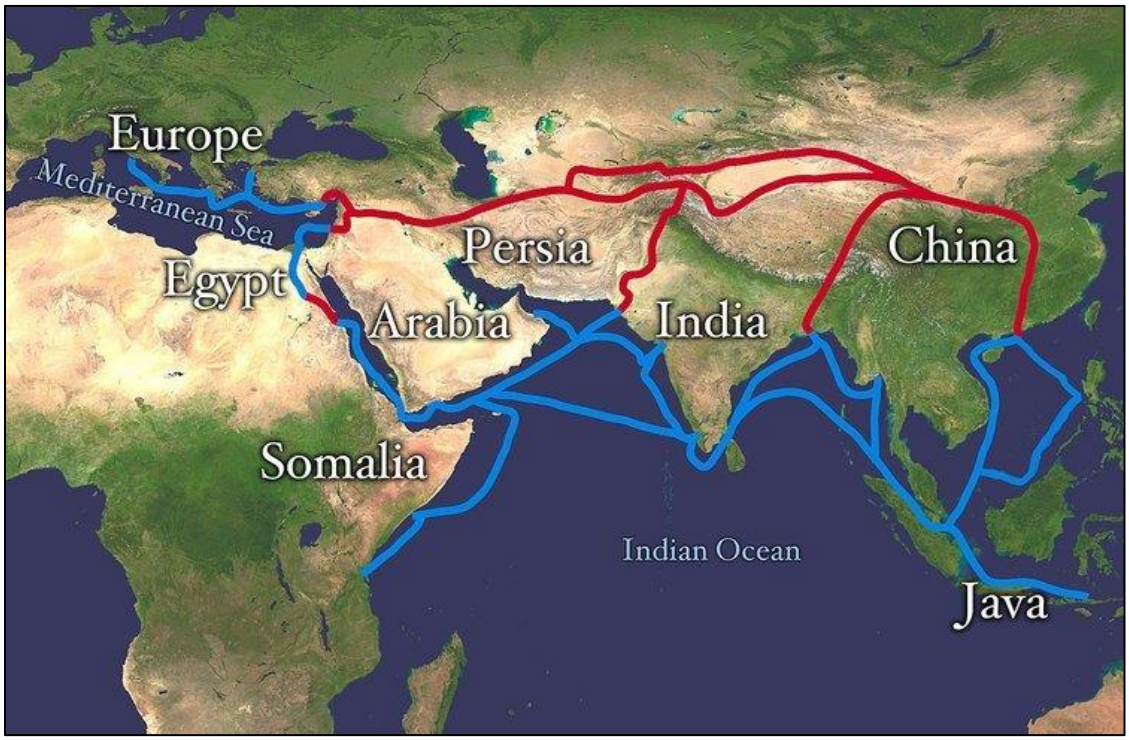
Country	Project	BRI Indicators
Albania	Adriatic-Ionian Motorway	0
Albania	Arber Highway Project	0
Albania	New Port of Shengjin	0
Albania	Tirana International Airport (acquisition)	1
Belarus	Molodechno-GudogayState Border Line	2
Belarus	The Gomel-Zhlobin-Osipovichi Section	2
Belarus	The Zhlobin - Kalinkovichi Section	2
Belarus	Bobruisk-Zhlobin Highway	0
Belarus	Zhlobin-Gomel Road	0
Belarus	Upgrading of the National Road R46	0
Belarus	China-Belarus Great Stone Industrial Park	2
Bosnia & Herzegovina	Banja Luka - Mliniste Highway	0
Bosnia & Herzegovina	Banja Luka - Novi Grad - Dobrin Rail	0
Bosnia & Herzegovina	Banja Luka - Prijedor - Novi Grad, motorway	0
Bosnia & Herzegovina	Vukosavlje-Doboj Highway Project	0
Bulgaria	Expansion of Varna port	0
Croatia	Rijeka-Zagreb Rail, Section Karlovac - Oštarije	0
Croatia	Peljesac bridge	0
Czech Republic	Danube-Oder-Elbe canal	0
Greece	Hellinikon Project	2
Greece	Piraeus port	3
Hungary	Belgrade-Budapest railway	3
Latvia	Riga port investments	0
Lithuania	Klaipeda port	0

Moldova	Two highways	0
Montenegro	Adriatic-Ionian Motorway	0
Montenegro	Bar–Boljare Highway Smokovac-Matesevo Section	0
Montenegro	Kolasin-Kos Railway Upgrade	0
North Macedonia	National Roads Program Tranche 1 - Stip– Kochani	0
North Macedonia	Kicevo-Ohrid and Miladinovci-Stip Highways	0
Poland	Acquisition of a waste management company – Novago	1
Poland	Expressway around Lodz	0
Poland	High-voltage substations near the Belarusian border	2
Serbia	Belgrade-Budapest railway, the section Belgrade Center - Stara Pazova	3
Serbia	Belgrade Bypass Road (section B)	0
Serbia	Design and construction of a highway from Iverak to Lajkovac and regulation of the river Kolubara	0
Serbia	E-763 Highway Belgrade, Obrenovac - Ub and Lajkovac - Ljig sections	0
Serbia	E-763 Highway Belgrade, Surcin-Obrenovac section	0
Serbia	E-763 Highway Belgrade, Preljina - Pozega section	0
Serbia	Novi Sad - Ruma road	0
Serbia	Pupin Bridge	0
Serbia	Bridge Zemun – Borca with access roads	0
Slovenia	Maribor Airport (revamp)	0

Annex

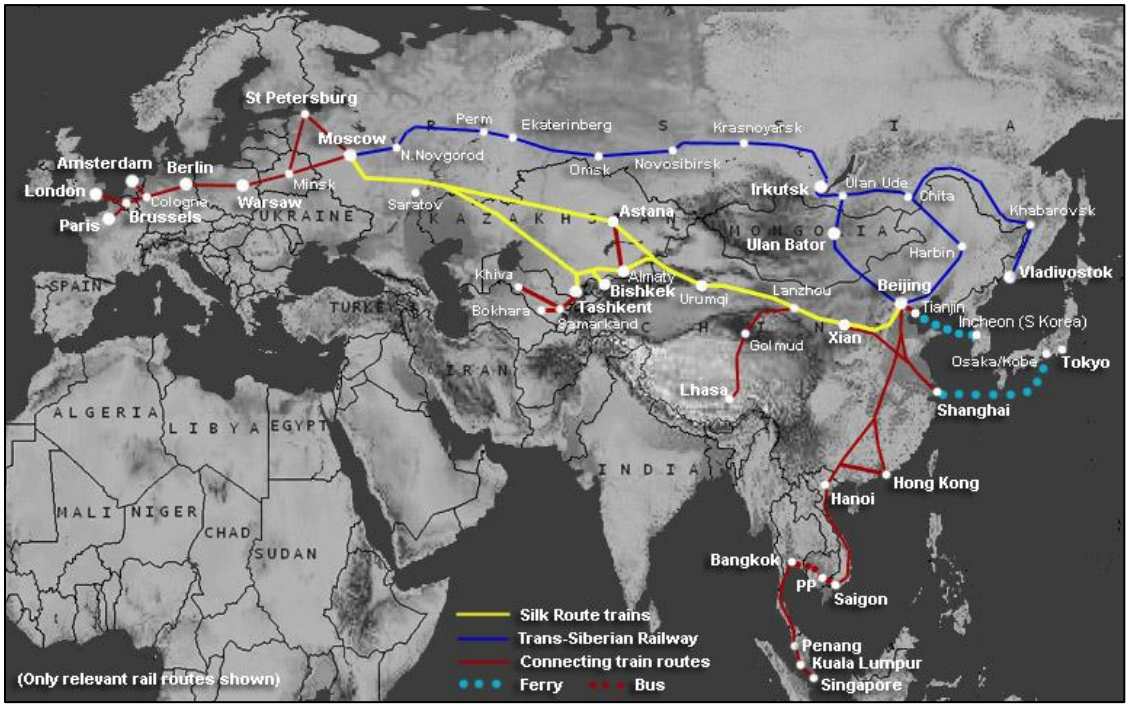
Annex 1: The Ancient Silk Road

Source: (Ancient History encyclopedia, 2018)



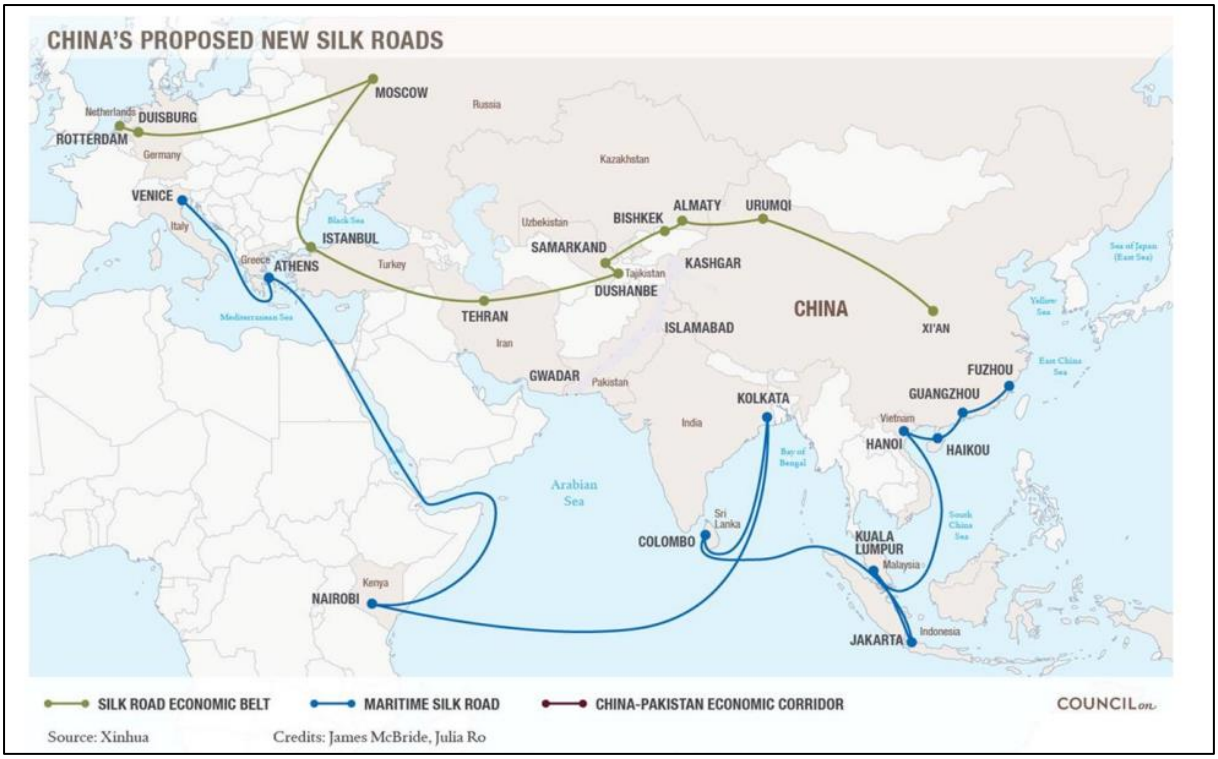
Annex 2: The Trans-Siberian railway and the Silk Route trains

Source: (Seat 61, n.d.)



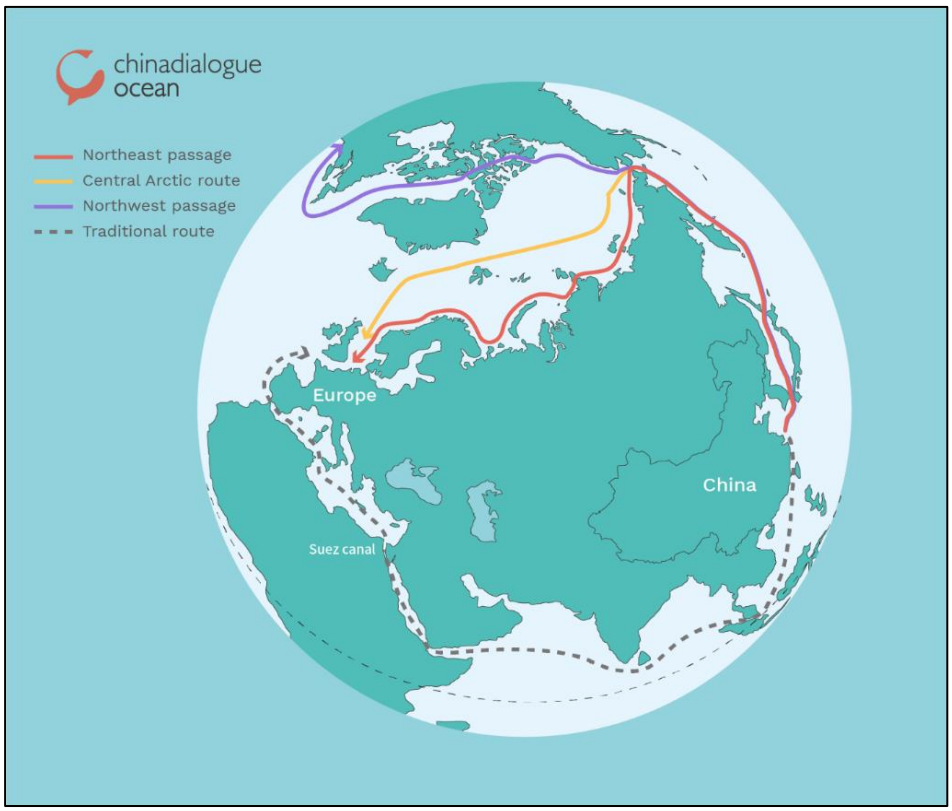
Annex 3: The previous “One Belt, One Road”

Source: (Shanghai Institute for international studies, 2018)



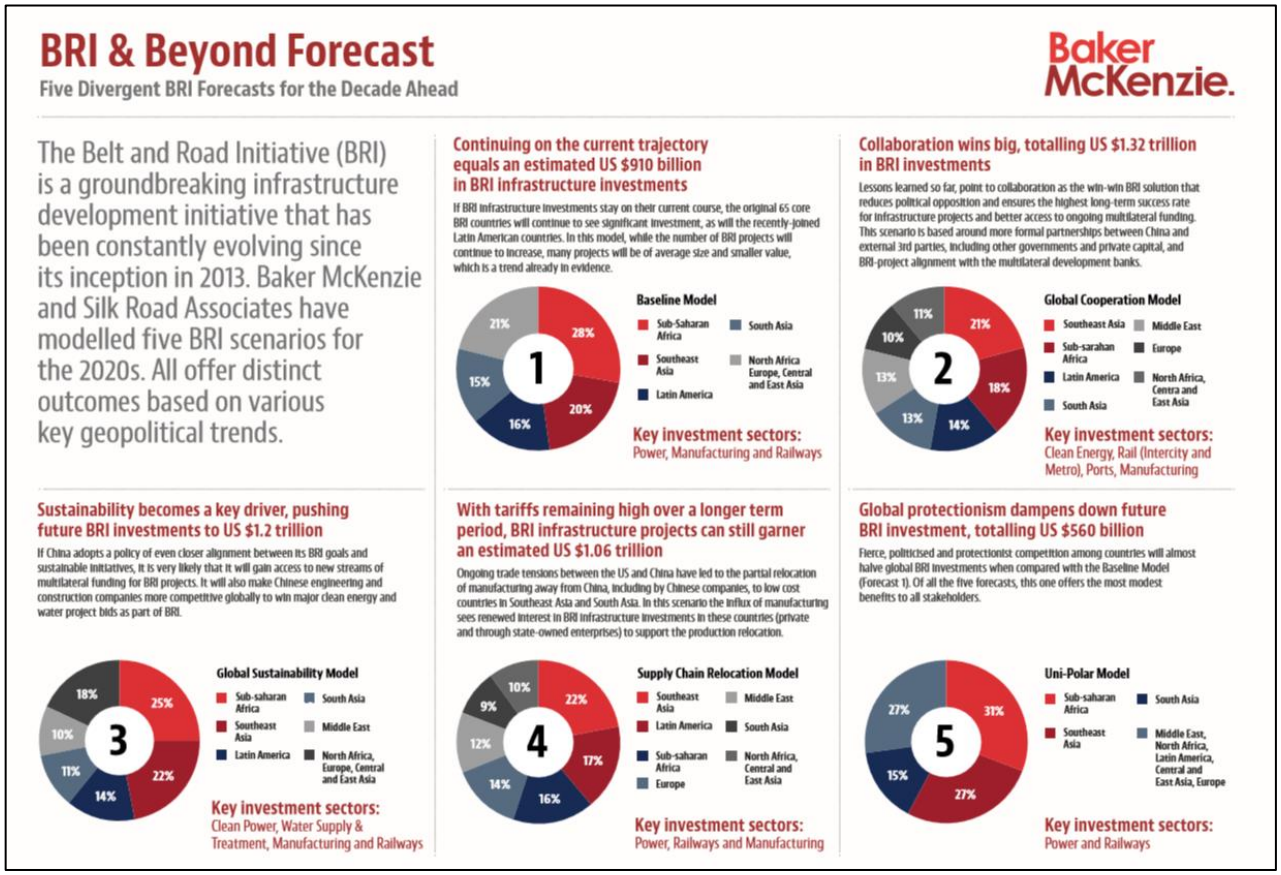
Annex 4: The Artic Silk Road

Source: (Chun, 2020).



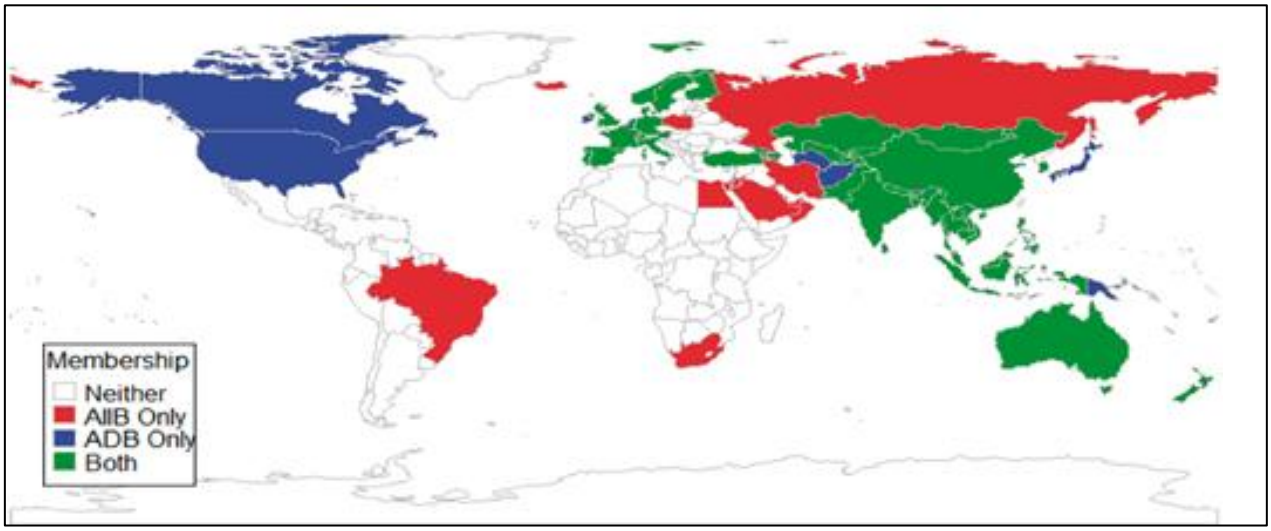
Annex 5: Forecasting of BRI investments

Source: (Baker McKenzie, 2020)



Annex 6: AIIB and ADB membership

Source: (Wang, 2018)

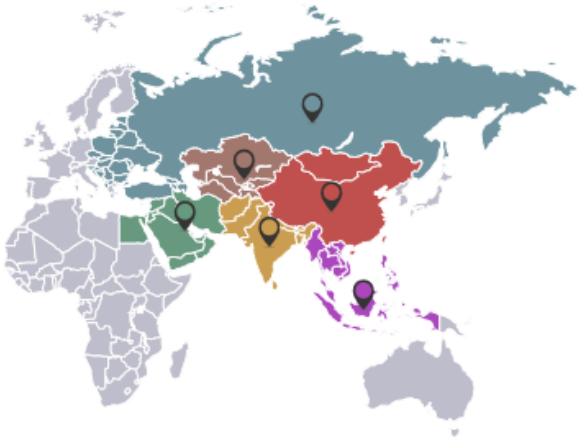


Annex 7: First BRI-participating countries

Source: (Chin & He, 2016)

I. "China plus 64 Countries" along the Belt and Road

A Chinese report[2], released by the China International Trade Institute in August 2015, identified 65 countries along the Belt and Road that will be participating in the Initiative (Exhibit 1).



[1] *Vision and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road*, the National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce of the People's Republic of China, March 2015

[2] *Industrial Cooperation between Countries along the Belt and Road* (《"一带一路"沿线国家产能合作报告》), China International Trade Institute, August 2015

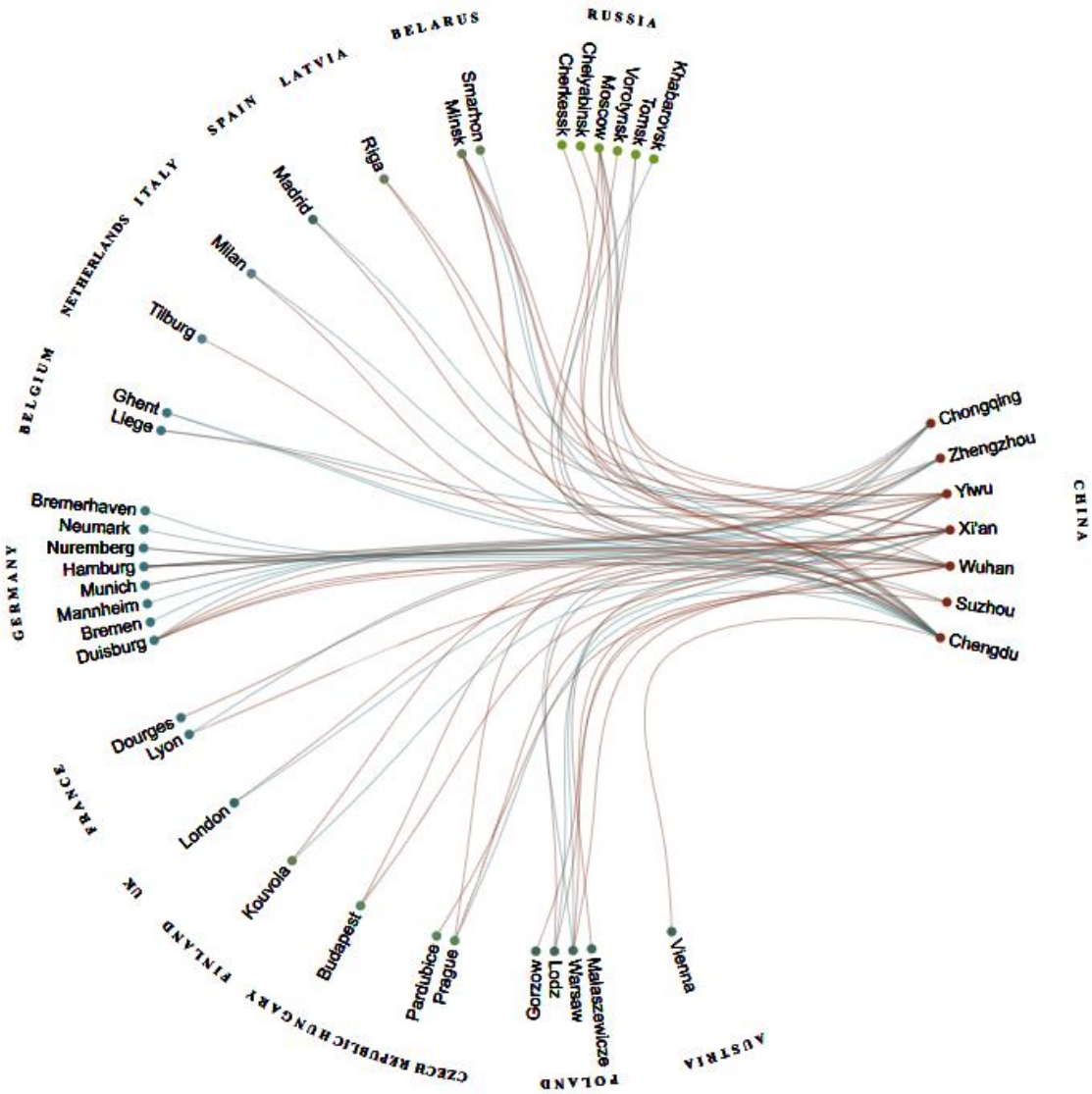
Exhibit 1. 65 Countries along the Belt and Road

Region	Country
East Asia	China, Mongolia
Southeast Asia	Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Timor-Leste, Vietnam
Central Asia	Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan
Middle East and North Africa	Bahrain, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Palestine, Syria, United Arab Emirates, Yemen
South Asia	Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka
Europe	Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Georgia, Hungary, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey, Ukraine

Source: *Industrial Cooperation between Countries along the Belt and Road*, China International Trade Institute. The countries are grouped based on World Bank's classification by region.

Annex 8: China Railway Express trains from sources to destinations

Source: (CGNT, 2019)

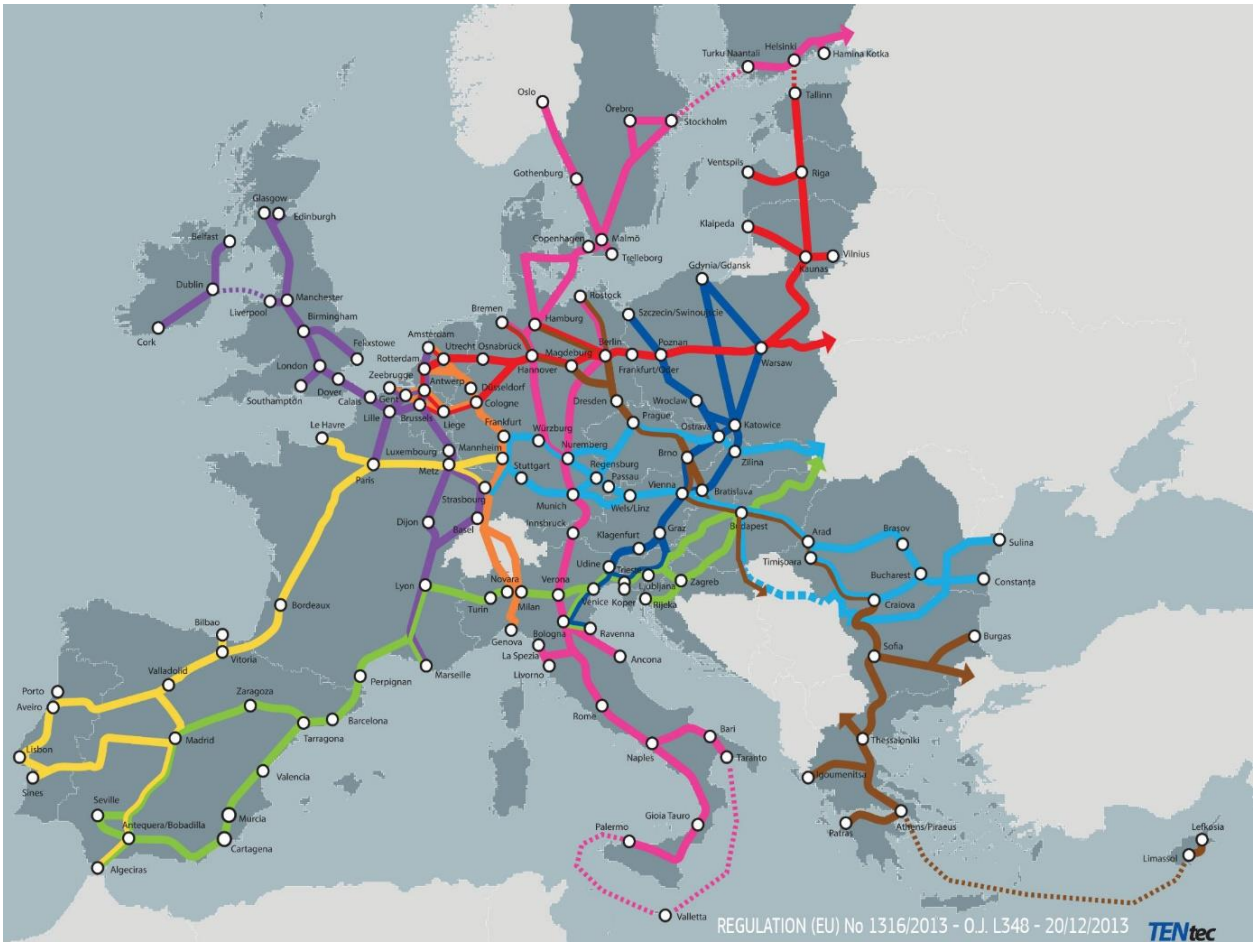


Annex 9: The Middle Corridor

Source: (Middle corridor, n.d.b)

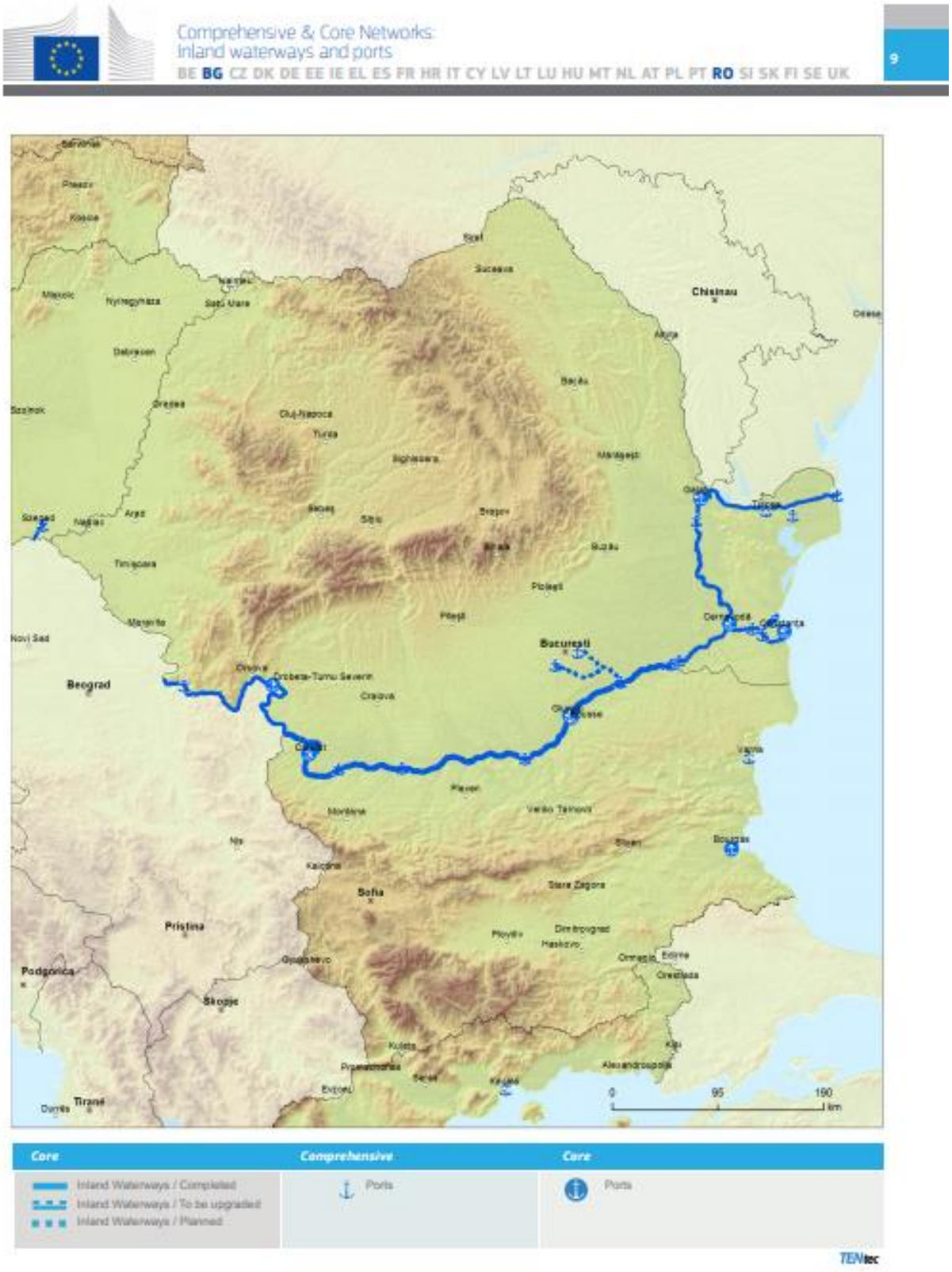
Annex 10: The TEN-T Network

Source : (European Commission, 2020a)



Annex 11: Comprehensive & Core Networks: Inland waterways and ports (BG & RO)

Source : (European Commission, 2020a, Annex I – Vol 20.)



Annex 12: Comprehensive & Core Network: Railways, ports and rail-road terminals (RRT) & Railways (freight) (BG & RO)

Source: (European Commission, 2020a, Annex I – Vol 20.)

Annex 13: Comprehensive Network: Railways and airports Core Network: Railways (passengers) and airports (Western Balkans region)

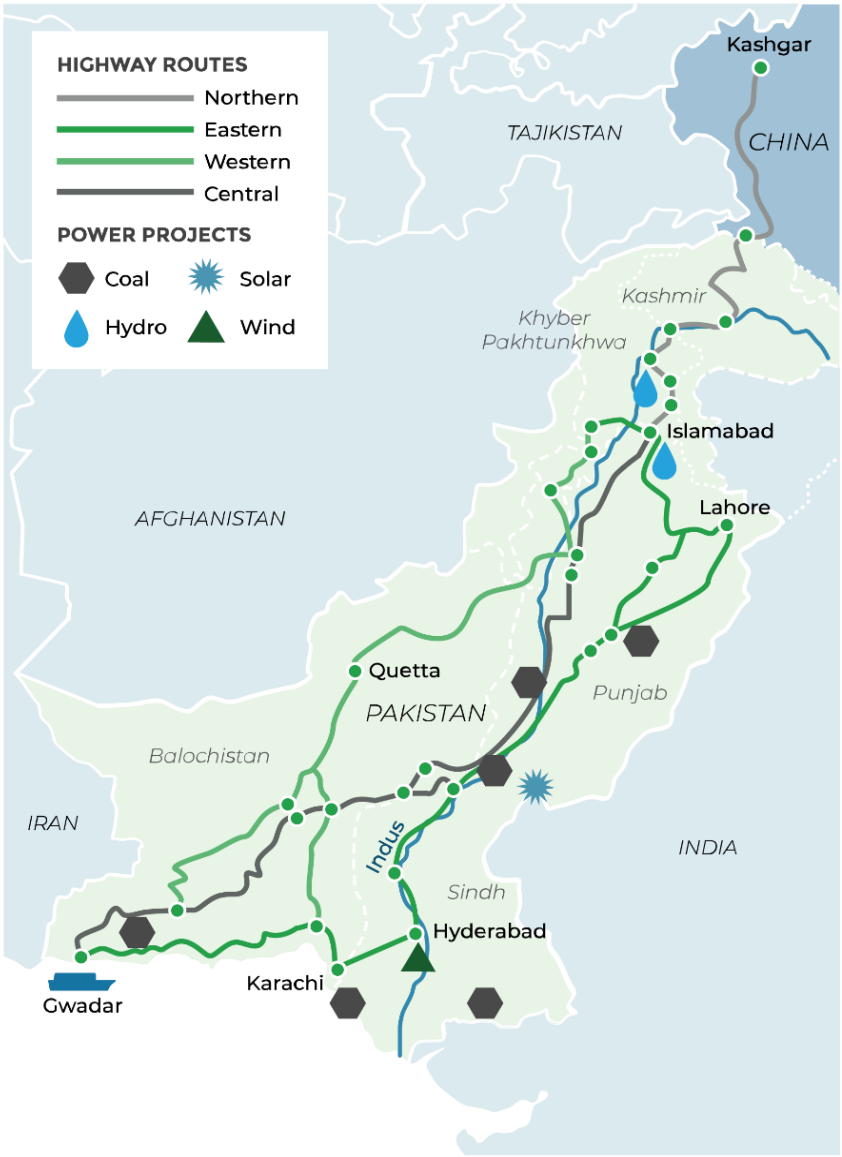
Source: (European Commission, 2020a, Annex III – Vol 31.)

Annex 14: Comprehensive & Core Network: Roads, ports, rail-road terminals and airports (Western Balkans Region)

Source: (European Commission, 2020a, Annex III – Vol 31.)

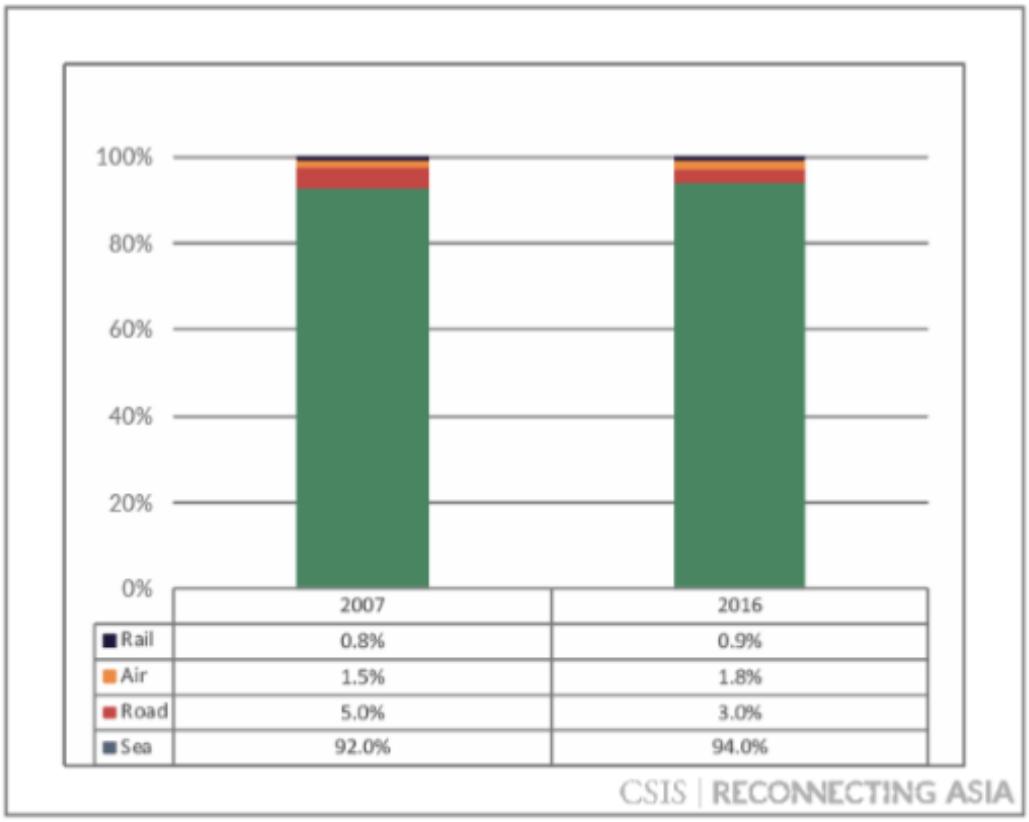
Annex 15: China-Pakistan Economic Corridor

Source: (Standard Chartered, 2019)



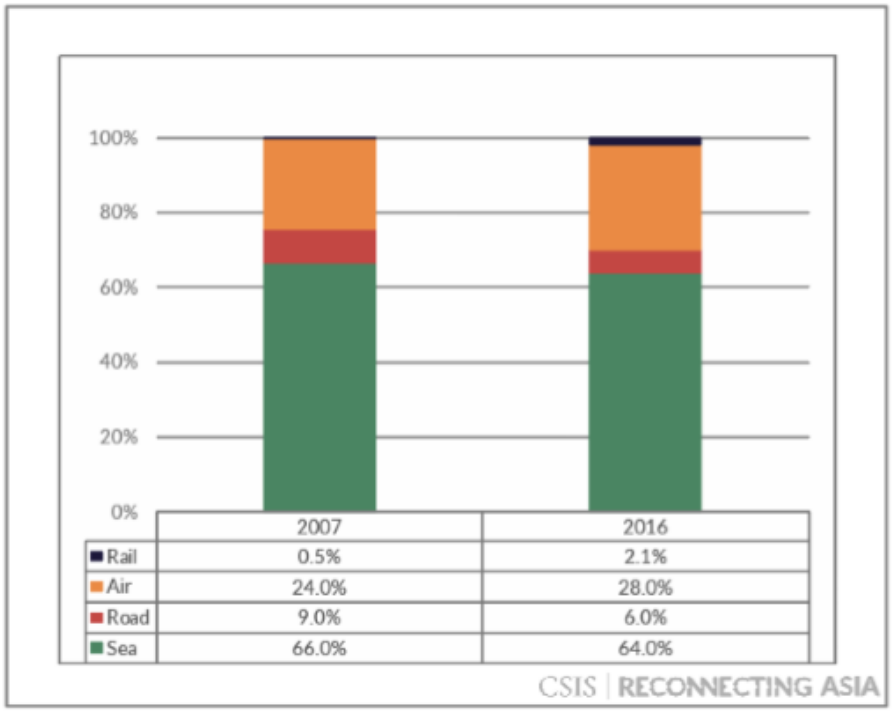
Annex 16: China-Europe trade by weight (2007-2016)

Source: (Hillman, 2018c)



Annex 17: China-Europe trade by value (2007-2016)

Source: (Hillman, 2018c)



Annex 18: Percent share held by Chinese companies in European seaports

Source: (Kakissis, 2019)

Chinese Enterprises Are Staking Their Claim On Ports

Together, **COSCO Shipping Ports**, **China Merchants Port Holdings (CMPort)** and **Qingdao Port International Development (QPI)** hold stakes in 16 ports spread across Europe and the Mediterranean. The Greek port of Piraeus, a major port in the region, is almost entirely within China's hand with COSCO possessing full control of the Piraeus Container Terminal and majority control of Piraeus Port Authority.

PORT	TERMINAL(S)	PERCENT SHARE HELD BY ENTERPRISE
PIRAEUS (GREECE)	Piraeus Container Terminal	COSCO: 100%
ZEEBRUGGE (BRUGES, BELGIUM)	CSP Zeebrugge Terminals NV	COSCO: 85%
VALENCIA (SPAIN)	Noatum Container Terminal	COSCO: 51%
CASABLANCA (MOROCCO)	Somaport	CMPort: 49%
DUNKIRK (FRANCE)	Terminal des Flandres	CMPort: 45%
VADO LIGURE (GENOA, ITALY)	Vado Reefer Terminal	COSCO: 40%
		QPI: 10%
BILBAO (SPAIN)	Noatum Container Terminal	COSCO: 40%
ROTTERDAM (NETHERLANDS)	Euromax Terminal	COSCO: 35%
AMBARLI (ISTANBUL)	Kumport	COSCO: 26%
		CMPort: 26%
LE HAVRE (FRANCE)	Terminal Nord, Terminal de France	CMPort: 25%
MARSAXLOKK (MALTA)	Malta Freeport Terminal	CMPort: 25%
MARSEILLE FOS (MARSEILLE, FRANCE)	Eurofos	CMPort: 25%
NANTES (FRANCE)	Terminal du Grand Ouest	CMPort: 25%
ANTWERP (BELGIUM)	Antwerp Gateway	COSCO: 20%
		CMPort: 5%
PORT SAID (EGYPT)	Suez Canal Container Terminal	COSCO: 20%
TANGER MED (TANGIER, MOROCCO)	Eurogate Tanger	CMPort: 20%

Notes

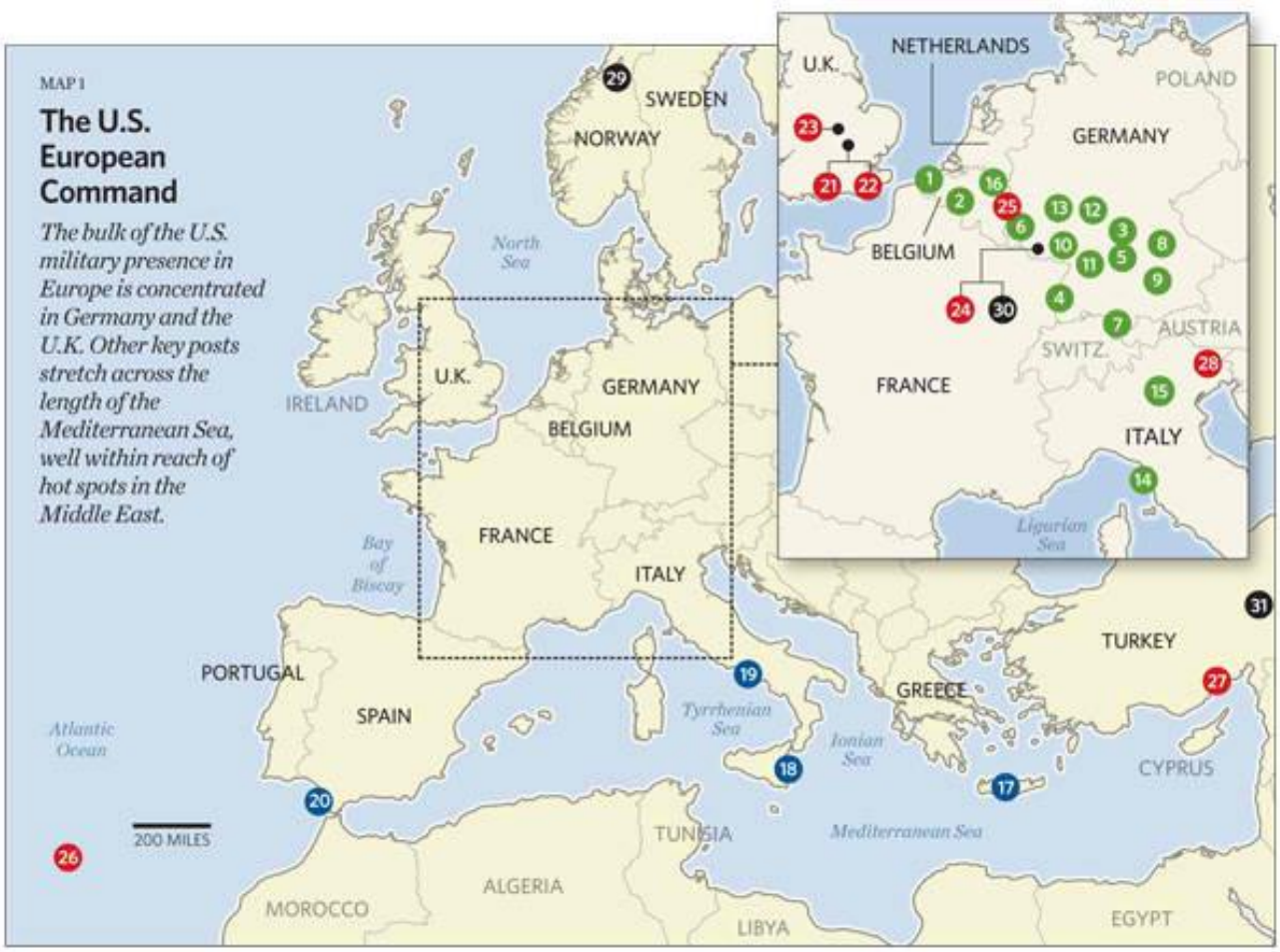
Data for COSCO are from a combination of COSCO's map of overseas terminals and press releases, both last accessed on Sept. 12, 2018. Excluding data for Kumport in the Port of Ambarli, data for CMPort are from CMPort's 2017 Annual Report and Olaf Merk's paper, *Geopolitics and Commercial Seaports*. Details for CMPort's share in Kumport are from COSCO's press release on the investment. Information on QPI's percent stake in the Vado Reefer Terminal is from a press release issued by APM Terminals, a member in the Vado venture.

Source: Olaf Merk, Revue internationale et stratégique (2017), China Merchants Port Holdings and COSCO Shipping Ports

Credit: Research and fact check by Vanessa Qian and Ayda Pourasadi/NPR. Design and development by Vanessa Qian/NPR

Annex 19: The US military presence in Europe

Source : (Coffey, 2012)



U.S. ARMY—16 key bases

BELGIUM
1. Benelux
2. Brussels

GERMANY
3. Ansbach
4. Baden Wuerttemburg
5. Bamberg
6. Baumholder
7. Garmisch
8. Grafenwoehr
9. Hohenfels
10. Kaiserslautern
11. Stuttgart
12. Schweinfurt
13. Wiesbaden

ITALY
14. Livorno
15. Vicenza

NETHERLANDS
16. Schinnen

U.S. NAVY—4

GREECE
17. U.S. Naval Support Activity, Souda Bay, Crete, Greece

ITALY
18. Naval Air Station Sigonella
19. Naples Naval Support Activity

SPAIN
20. Rota Naval Station

U.S. AIR FORCE—8

U.K.
21. RAF Lakenheath
22. RAF Mildenhall
23. RAF Alconbury

GERMANY
24. Ramstein Air Base
25. Spangdahlem Air Base

PORTUGAL
26. Lajes Field (Azores)

TURKEY
27. Incirlik Air Base

ITALY
28. Aviano Air Base

OTHER

NORWAY
29. Marine Corps Prepositioning Program in the Trondheim Region

GERMANY
30. Landstuhl Regional Medical Center in Landstuhl

TURKEY
31. U.S. X-band radar as part of missile defense in Kürecik (eastern Turkey)

Source: Heritage Foundation research.

SR 111 heritage.org

Annex 20: EU-27 imports and exports of goods with China in 2019

Source: (Eurostat, 2019)

EU-27 imports of goods from China, 2019

	EUR million	% of China in extra EU-27 imports
Netherlands	88 414	26.1
Germany	76 772	18.8
Italy	31 665	17.3
France	31 426	15.1
Spain	24 821	16.4
Poland	20 536	25.9
Belgium	16 704	10.9
Czechia	14 806	35.6
Sweden	8 424	17.4
Hungary	7 470	24.9
Denmark	6 253	21.4
Austria	5 606	14.3
Romania	4 537	19.3
Greece	4 061	14.9
Ireland	3 146	5.8
Portugal	2 953	14.0
Slovakia	2 904	17.2
Finland	2 296	11.2
Slovenia	2 016	13.6
Luxembourg	1 509	42.7
Bulgaria	1 484	13.8
Lithuania	929	8.7
Croatia	726	13.6
Estonia	651	16.7
Latvia	511	12.1
Cyprus	410	12.2
Malta	255	8.6

Source: Eurostat (online data code: ext_st_eu27_2019sitc and DS-018995)

eurostat

EU-27 exports of goods to China, 2019

	EUR million	% of China in extra EU-27 exports
Germany	96 283	15.2
France	20 959	8.5
Netherlands	13 906	6.3
Italy	12 993	5.5
Ireland	8 207	8.6
Belgium	7 108	5.1
Spain	6 799	5.6
Sweden	6 763	9.9
Denmark	4 837	10.2
Austria	4 611	9.0
Finland	3 548	12.0
Poland	2 651	4.3
Czechia	2 146	5.9
Slovakia	1 690	10.5
Hungary	1 456	6.1
Greece	892	5.5
Bulgaria	814	7.8
Romania	612	3.3
Portugal	604	3.4
Slovenia	435	3.9
Lithuania	277	2.1
Luxembourg	198	6.7
Estonia	173	3.8
Latvia	159	3.0
Croatia	108	2.1
Malta	36	2.9
Cyprus	34	1.9

Source: Eurostat (online data code: ext_st_eu27_2019sitc and DS-018995)

eurostat

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