MASTER THESIS

Titel der Master Thesis / Title of the Master‘s Thesis

China’s Belt and Road Initiative in Europe and its impact on the EU:

Infrastructure projects in the Western Balkans and Greece

verfasst von / submitted by

Mag.phil. Anna Chiara Carboni

angestrebter akademischer Grad / in partial fulfilment of the requirements for the degree of

Master of European Studies (M.E.S.)

Wien, 2020 / Vienna 2020

Studienkennzahl lt. Studienblatt / Postgraduate programme code as it appears on the student record sheet:	UA 992 959
Universitätslehrgang lt. Studienblatt / Postgraduate programme as it appears on the student record sheet:	Europäische Studien
Betreut von / Supervisor:	Univ.-Prof. Mag. Dr. Wolfgang Mueller

Table of contents

1. Introduction

1.1. Relevance of the topic

The Belt and Road Initiative (BRI), also known as 'New Silk Road' or 'One Belt, One Road' (OBOR), is a global infrastructure project that aims at developing connectivity and collaboration across six main economic corridors between the People's Republic of China (PRC)[1] and other Asian countries, Europe, Africa, and South America. By expanding its economic corridors, the PRC wants to strengthen its position as economic superpower and global player. The BRI, initiated by President Xi Jinping in 2013, has far-reaching mid- and long-term effects. As the PRC is considered to be the rising power of the 21st century, the BRI dominates the global landscape on both an economic and a political level.

During the past 40 years – starting with Deng Xiaopings economic reforms in 1978 – the People's Republic of China has experienced an unprecedented upturn in world history. The country's GDP grew by 60% and its export and income per capita grew by 100%. Since 2012, the PRC has been the world's second biggest national economy after the U.S. However, the Asian country could overtake the U.S. as the largest national economy. Beijing's initiative, "Made in China 2025", seeks to outpace the other leading industrial states. By 2035, the self-proclaimed "world's largest developing country"[2], wants to become one of the leading industrial economies worldwide and by 2049 it aims at becoming their number 1.[3]

Behind such ambitious intentions lies a strong, autocratic leadership. Since his accession to power in 2013, the PRC's head of state, Xi Jinping, has reshaped the global power landscape. He is determined to make his country the center of the world, the greatest military power, the leader in the fields of science, innovation, infrastructure, and culture, as well as the leader in the fight against climate change. From a Western perspective, Xi Jinping's regime is seen with

[1] The terms 'China' and 'People's Republic of China' ('PRC'), will be used interchangeably throughout this paper. The term 'China' will, thus, always refer to The People's Republic of China and not to Taiwan, officially called the 'Republic of China'.

[2] Veronika Ertl and David Merkle, "China: A Developing Country as a Global Power?" *Konrad Adenauer Stiftung*, November 15, 2019, https://www.kas.de/de/web/auslandsinformationen/artikel/detail/-/content/china-ein-entwicklungsland-als-globale-macht.

[3] Theo Sommer, "Der chinesische Masterplan: Pekings Führungswille fordert den Westen heraus," *Zeit Online*, January 23, 2019, https://www.zeit.de/2019/05/china-wirtschaftlicher-aufschwung-handelsmacht-xi-jinping-masterplan.

great concern and skepticism as his autocratic leadership and personality cult parallels those of Mao Zedong.[4]

EU-China relations are, thus, quite complex. From a European perspective "China is simultaneously […] a cooperation partner, a negotiation partner, an economic competitor and a systemic rival."[5] In 2019, China was the EU's second largest trading partner, while the EU was China's biggest trading partner. The PRC was the third largest partner for EU exports of goods (9 %) after the US and the UK, and the largest partner for EU imports of goods (19 %). Between 2009 and 2019, EU imports from China increased from €185 billion to €361 billion. EU exports grew from €77 billion in 2009 to €198 billion in 2019.[6] These numbers show that the European and the Chinese economies depend heavily on each other and, although on a political level EU-China relations are problematic in many respects, China is an important trade partner for the EU and vice versa.

The intense trade partnership between China and the EU renders the latter also a fundamental partner of Beijing's BRI. The EU's economic heterogeneity is, indeed, highly valuable to China's initiative and meets Chinese needs on several levels:

> Due to its economic diversity, the EU is of great value to the People's Republic's modernization ambitions: the advanced economies in the West represent a source of preeminent research and innovation in the high-tech, strategic, and smart manufacturing sectors that Beijing urgently seeks access to. The eleven CEE states […] on the other hand offer pronounced infrastructure development opportunities, while also being strong (i.e. cost-effective) in the production-intensive manufacturing sectors, thus offering various "shift out" possibilities for China's excess capacities. Finally, […] the EU's government-debt-hit southern members, notably Greece, display opportunities for valuable strategic infrastructure investments. In other words, the EU's economic structure caters to many of China's modernization needs, which is why its members, notably the Central, Eastern and Southern European states have emerged as special focal points within the framework of the BRI.[7]

---

[4] Sommer, "Der chinesische Masterplan."; Felix Lee, „Xi Jinping will sich zum Autokraten auf Lebenszeit machen," *Die Presse*, February 26, 2018, https://www.diepresse.com/5378679/xi-jinping-will-sich-zum-autokraten-auf-lebenszeit-machen.

[5] "EU-China Relations factsheet," EEAS, last modified June 20, 2020, https://eeas.europa.eu/topics/external-investment-plan/34728/eu-china-relations-factsheet_en.

[6] "China-EU - international trade in goods statistics," Eurostat, last modified March 2020, https://ec.europa.eu/eurostat/statistics-explained/index.php/China-EU_-_international_trade_in_goods_statistics#EU-China_most_traded_goods.

[7] Luba von Hauff, "China's Silk Road Initiative and the European Union," Hanns Seidel Stiftung, *Aktuelle Analysen* 68 (2018): 27, https://www.hss.de/download/publications/AA_68__Seidenstrasseninitiative.pdf.

1.2. Research focus and research questions

The focus of this master's thesis lies on two geographical areas: The Western Balkans Six (WB6)[8] with a special focus on Serbia and Greece. Both of these European countries, as well as the other WB6 countries except for Kosovo, have bilateral agreements with the PRC and are currently running BRI-related and Chinese funded infrastructure projects. In the Western Balkans, the PRC mainly focuses on the construction of railways and highways, while Greece is highly relevant for the maritime corridors of the BRI.

Through the expansion of its economic corridors to Central and Western Europe, the PRC aims to strengthen its position on the European market and increase its export sales. From a geographic point of view, Greece is in a strategically significant position as it lies on the maritime Silk Road. Arriving from the Suez Canal, Chinese ships enter the European market at the harbor of Piraeus, which is not without reason referred to as the Chinese entrance gate to Europe. Since 2016, the Greek harbor has been in Chinese hands. From Piraeus, products are further transported to Central and Western Europe either by land over the Western Balkans or by sea to other Mediterranean harbors.[9]

Greece is an important piece of the puzzle for China's initiative and the Maritime Silk Road in particular, but how are the so-called Western Balkans Six (WB6) – an economically underdeveloped region with only poorly developed sea access – relevant to the Belt and Road Initiative? The Western Balkans play a key role from both a geo-economic and political perspective. Firstly, the six southeastern European countries connect Greece with Central Europe and are, thus, in a strategically important position as "the region can act as a major transport corridor for the BRI connecting the Mediterranean to central Europe"[10]. Secondly, the Western Balkan countries are not (yet) members of the European Union, which means that many EU standards and regulations regarding foreign investments, public procurement, labor law, etc. do not apply there. This, as well as their rather low economic statuses and lack of infrastructure, makes them an easy target for Chinese loans. It is, thus, not surprising that the

[8] The Western Balkans Six (WB6) are Albania, Bosnia and Herzegovina, Kosovo, Montenegro, the Republic of North Macedonia, and Serbia.

[9] Gerd Höhler, "China hat große Pläne mit dem Hafen von Piräus," *Handelsblatt*, March 23, 2019, https://www.handelsblatt.com/politik/international/neue-seidenstrasse-china-hat-grosse-plaene-mit-dem-hafen-von-piraeus/24136646.html.

[10] Plamen Tonchev, "China's Road: into the Western Balkans," *European Union Institute for Security Studies (EUISS)*, February 2017, 3. https://www.iss.europa.eu/publications.

Chinese "engagement has also been welcomed by the governments of these countries, as China pumps much-needed capital into national and regional economic development efforts."[11]

From a political perspective, the Western Balkans are also affected by the PRC's global 'going out' strategy through which it wants to create political support among a multitude of rather small developing countries.[12] A significant part of this strategy is the so-called '17+1' format, a Chinese diplomatic initiative that connects 12 European member states, and 5 Western Balkans countries in order to build foreign support for the BRI. This initiative is a key aspect when talking about China's involvement in Europe as it "has been criticized by Brussels as a kind of 'divide and rule' diplomacy by China in Europe."[13]

The PRC uses the BRI to pursue economic and political interests in Europe as well as in other parts of the world. When a country pursues national interests abroad it can do so by using resources that produce hard power or soft power, or a combination of both. This thesis will, thus, not only look at *what* the PRC is doing in various European countries, but also at *how* it has gained economic and political ground in Europe. As of the geographical focal points, this thesis will mainly deal with Greece, one of "the EU's government-debt-hit southern members"[14], and the Western Balkan Six, the current European candidate countries. Regarding the latter, a special focus will be placed on Serbia, which has benefitted the most from Chinese investments and loans in the region. The research questions are as follows:

- Where can China's BRI in the Western Balkans and Greece be placed in the framework of hard and soft power?
- What consequences do bilateral agreements between the People's Republic of China and those countries, especially in the context of the 17+1 format, have for the EU? Do they pose a threat to European Integration?
- How can the EU respond to China's economic and political involvement in Europe?

1.3. Methodology and structure

This thesis will conduct qualitative research by drawing on existing literature – both primary and secondary sources – on the Belt and Road Initiative mainly from a Western/European perspective. As China's BRI is a quite recent topic, the reference list of this thesis consists

[11] Tonchev, "China's Road: into the Western Balkans," 2.
[12] Ibid.
[13] "Follow the New Silk Road: China's growing trail of think tanks and lobbyists in Europe," *Corporate Europe Observatory*, April 8, 2019, https://corporateeurope.org/en/2019/04/follow-new-silk-road-chinas-growing-trail-think-tanks-and-lobbyists-europe.
[14] von Hauff, "China's Silk Road Initiative," 27.

primarily of online, up-to-date articles from various research institutions and thinks tanks, European institutions, and newspapers. For the purpose of this thesis it is important to look at research from institutions that critically assess lobbying activities in the context of the BRI, such as the *Corporate Europe Observatory*. However, when it comes to the PRC's official goals and objectives regarding the BRI and Chinese funded infrastructure projects in Europe, official documents and information from both the European Union, its member states, and the People's Republic of China are consulted. A relevant resource is *The European Union Institute for Security Studies (EUISS),* which offers various publications on the impact of China's BRI in European regions such as Eastern Europe and the Western Balkans (see Makocki 2017, Saari 2019, Tonchev 2017).

As mentioned before, one of the aims of this thesis is to place China's activities in Europe within the theoretical framework of hard and soft power. The first chapter will, thus, offer the theoretical basis for this analysis by explaining the concepts of hard power, soft power, as well as the alternative idea of 'a soft use of power' following research from Joseph Nye, Mingjiang Li and Andrey Makarychev. Chapter III will then provide a historic overview of the ancient Silk Road and the reasons for its revival, which will serve to fully understand the concept of today's Belt and Road Initiative. Both the PRC's officially stated goals and objectives as well as literature that critically assesses China's intentions of global hegemony will be considered in this chapter. Chapter IV is an in-depth analysis of currently conducted and planned Chinese projects in Europe focusing on two geographical areas: the Western Balkans, specifically Serbia, and Greece. Each geographical area will be dealt with in a sub-category, which will not only list specific infrastructure projects, but also elaborate on other relevant aspects regarding bilateral agreements with the PRC. The last sub-category of chapter IV will focus on the 17+1 thinktank network, which is of vital importance for China's involvement in Europe, and its relevance for the EU. Chapter V will then discuss the important question of how China's BRI affects the Western Balkan-EU integration. This last chapter will also examine challenges, risks, and opportunities for the EU in the context of the BRI, by drawing on official EU documents, and discuss necessary steps that the EU needs to take in order to stand its ground against China's rising economic and political influence. The 'Summary and conclusion' part will pick up on the three research questions of this thesis by drawing on the theory from chapter 2 and the comprehensive analysis conducted in chapters 3, 4, and 5. The purpose of this final chapter is to summarize how China's actions affect European policy and integration as well as to highlight the importance of a unified European Union, especially in regard to the BRI.

2. The concepts of Hard and Soft power

Hard and soft power are two crucial terms when it comes to the analysis of a country's course of action in another country or, in other words, the pursuit of national interests abroad. As the goal of this paper is to better understand the PRC's interests and approach in certain European countries as well as its impact on the European Union, these two concepts will be of great importance for the examination and categorization of China's strategy. Moreover, it will be possible to analyze China's international effort with the Belt and Road Initiative not only in Europe but also in other parts of the world. Since the term soft power was coined in 1990, China's soft power has been a notably discussed topic as "[t]he concept of soft power provides a unique perspective not only on China's current foreign and security policy but, more significantly, on the trajectory of China's rise in the long term".[15]

This chapter will start with an introduction to the concept of hard power, before passing over to the term soft power. The main references will be Joseph Nye's work, who coined the term soft power in 1990, as well as other scholars, such as Mingjiang Li and Andrey Makarychev, who draw and expand on Nye's work and recontextualize his ideas.

2.1. Hard power

Power is generally defined as "an ability to do things and control others, to get others to do what they otherwise would not".[16] Exercising power is, thereby, often linked to the possession of resources such as population, natural resources, territory, political stability, military forces, and economic size.[17] According to Nye, influencing the behavior of others can happen in three different ways: through coercion, inducements and payments, and by attracting others to want the same as you want. While the first two ways are examples of hard power strategies, attraction is considered a central tool of soft power.[18] The main sources of hard power are, thus, the traditional elements of power, military, economic, and technological strength, whereby the use of military force on foreign soil can probably be considered the oldest and most traditional element of hard power. Referring to Nye's approach, Li explains that "[h]ard power is evident

[15] Mingjiang Li, *Soft power: China's emerging strategy in international politics* (Lanham: Lexington Books, 2009), 1.
[16] Joseph S. Nye, Jr. "Soft power," *Foreign Policy*, no. 80 (Autumn 1990): 154, https://www.jstor.org/stable/1148580?seq=1.
[17] Ibid.
[18] Joseph S. Nye, "Public Diplomacy and Soft power," *ANNALS, AAPS*, 616 (March 1, 2008): 94, https://doi-org.uaccess.univie.ac.at/10.1177/0002716207311699.

in the practices of threat, coercion, sanction, payment, and inducement, whereas soft power is demonstrated in attraction, persuasion, appeal, and co-optation."[19]

Since the end of the Cold War, which was followed by an opening of international relations and international politics, the use of hard power for pursuing national interests on foreign land has been increasingly criticized. At the same time, the soft power approach and the use of cultural diplomacy have been introduced as a better alternative for the undertaking of nation building and the fight against terrorism.[20] Thus, starting in the 1990s, a country's strength in war became a less defining factor for its power while the factors of technology, education, and economic growth started to gain more significance in international power.[21]

2.2. Soft power

Ever since Joseph Nye coined the term soft power in 1990, the concept is globally recognized "as one of the most popular and cognitively lucid tools in political analysis."[22] As already mentioned before, soft power means using attraction and co-optation to get others to want what you want. "If I can get you to want to do what I want, then I do not have to force you to do what you do *not* want" – this is the underlying idea.[23]

Soft power is more than just influence and persuasion, it is attractive power by which one can shape the preferences and desired outcomes of others. "In international politics, the resources that produce soft power arise in large part from the values […] [a] country expresses in its culture, in the examples it sets by its international practices and policies, and in the way it handles its relations with others", explains Nye.[24] A nation's soft power, thus, has three primary sources: its culture, its political values, and its foreign policies.[25]

A central instrument that countries and governments use to connect with, inform, and attract the publics of other countries is public diplomacy. Through ways of broadcasting, arranging exchanges, subsidizing, cultural exports, etc., public diplomacy seeks to draw attention to the resources that produce soft power. Public diplomacy as an instrument to attract

[19] Li, *Soft power*, 3.
[20] "Hard vs. Soft Power: Foreign Policy Strategies in Contemporary International Relations," *ICD*, June 2010, http://www.culturaldiplomacy.org/youngleadersforums/pdf/hardpowercurrency.pdf.
[21] Nye, "Soft power," 154.
[22] Andrey Makarychev, „Prospects for thinking about soft power beyond Joseph Nye," in *Religion and Soft Power in the South Caucasus*, ed. Ansgar Jödicke, (Routledge, 2018), 237-240.
[23] Nye, "Public Diplomacy," 95.
[24] Ibid.
[25] Ibid.

others, however, can only be successful if the cultural values and policies that are being broadcasted are attractive to the publics of other countries in the first place. For example, as Nye explains, the exportation of violence and nudity in Hollywood movies to conservative Muslim countries will rather form aversion and repulsion than soft power.[26]

Li, on the other hand, argues “that soft power does not exist in the nature of certain resources of power but rather it has to be nurtured through a soft use of power. It has to be intentionally cultivated through prudent use of all sources of power available in certain social relationships”.[27] The clear-cut distinction between soft and hard power in Nye’s theoretical framework has, indeed, been reassessed by various scholars including Li and Makarychev as will be discussed in the following.

2.3. A soft use of power

While Nye sees the difference between hard and soft power “as largely a difference in how a country uses its power resources“[28], Li claims that there is no exact boundary between soft and hard power. The relationship between the two notions of power is far more complex and, therefore, requires close scrutiny. According to Li, there are various empirical and logical aspects that the resource-based approach to soft power is not able to grasp. From a logical point of view, a country’s sources of soft power – its culture, its ideology, and its values – may not always be innately appealing, persuasive, and attractive. In fact, “these sources of soft power do not always produce attraction, persuasion, appeal, and emulation […] [but can] also often result in resentment, repulsion, hostility, and even conflict.”[29] Moreover, Li argues that hard power is not always linked to threat, coercion, inducement, etc. but that – in some particular cases – it can also be a source of attraction and amity. Culture – generally seen as the foundation of soft power – is not only used to build good relationships among countries, but it can also take on an aggressive form resulting in cultural hegemony or cultural imperialism and, hence, a threat for the public. In this regard, culture “can actually be a catalyst for major conflicts”, and, therefore, a source of hard power.[30]

Another central aspect is social context, which can both evoke and impede the development of soft power. Similar to Nye, Li mentions the example of American movies,

[26] Nye, “Public Diplomacy,” 95.
[27] Li, *Soft power*, 3.
[28] Ibid, 6.
[29] Ibid, 4.
[30] Ibid.

which, according to him, are immensely popular in many societies while others consider them offensive and repulsive due to their advocacy of violence, sexuality, and individual heroism. A different and even more relevant example for the topic of this paper, is the so-called Beijing consensus. While the Chinese model of development – which is defined by political autocracy and economic liberalism – can be considered a source of soft power as it is attractive to numerous developing countries, "its negative effect on China's relations with most Western powers cannot be ignored," explains Li.[31] Social context, thus, plays a crucial role in the determination of whether certain factors form soft or hard power, and, as stated by Li, proves one more time "the categorization of power sources into the dichotomy of hard power and soft power inappropriate."[32]

According to Li, it is the behavioral approach – also referred to as the "soft use of power" approach – that best allows us to understand the nature of soft power. If coercion can be achieved through cultural values and ideologies, and attraction can be attained by using military and economic strength, soft power can better be understood by *how* resources are used instead of *what* resources are used:

> In essence, soft power lies in the soft use of power to increase a state's attraction, persuasiveness, and appeal. If a nation state (or any other actor) makes good use of its resources of power through various domestic cultural, economic, and political programs to bring well-being to its own nationals, it will produce a lot of admiration from other countries. If a state uses its resources of power in a prudent, cautious, accommodating, and considerate approach in its relations with other states and plays a leading role in providing public goods to international society, it will surely win respect, amity, and positive reciprocity from other states. If a state has the ability to make proposals in multilateral institutions that the rest of the international community regards as legitimate, feasible, and beneficial, it gains soft power.[33]

What Li is suggesting is, thus, that if a state uses its power resources in a considerate, legitimate, and beneficial way, and, thereby, gains the respect, amity, and admiration from other countries, it acquires soft power.

Claiming that the meaning of soft power may have changed over time, Makarychev also recontextualizes Nye's theoretical framework and adds new aspects to the conceptualization of soft power. One noteworthy aspect in this regard is the moral and ethical aspect underlying the two notions of power. At the end of the Cold War, hard power was considered more and more morally reprehensible whereas soft power was regarded not only more efficient but also ethically justifiable. Distinguishing between hard and soft power on moral grounds, however,

[31] Li, *Soft power*, 6.
[32] Ibid.
[33] Ibid, 7.

does not do justice to the complexity of the two concepts, "since quite often it is an abstention from applying force that might be seen as the morally questionable stand; and some non-violent (and thus considered soft power) techniques of power projection can be contested from ethical and moral viewpoints".[34] Examples for the latter are propagandistic disinformation campaigns, as well as manipulation of elections.

While Nye's initial theoretical framework sees hard and soft power as two distinct, autonomous concepts, Makarychev considers them "as two extreme poles in an endlessly broad spectrum of modalities of power".[35] Between these two poles lie numerous concepts, methods, and instruments – from economic instruments and media techniques to smart power and hybrid warfare – that do not have a fixed place on the spectrum. Just as Li, Makarychev argues that "soft power itself appears to be capable of generating its own ideational conflicts with strong explosive potential" especially when it comes to one state trying to impose its norms, values, and identities on others. Conflicts in international relations have, in fact, not diminished since the growing presence of soft power techniques.[36]

When it comes to soft power creating political conflicts, Makarychev mentions the Maidan revolution in Kyiv as a prominent example. The clash of two political cultures – the EU's liberal normative power and Russia's conservative undertaking – has laid the ground for this revolution that has led to numerous deaths in Ukraine and beyond. While many would argue that the Maidan revolution was definitely characterized by Russia's use of hard power, Makarychev uses it as an example of soft power creating political conflicts. According to him, the governments' reactions to the use of soft power during the revolution was far away from attractive and appealing. Instead, many governments reacted to their adversaries' use of soft power by introducing travel bans and prohibiting media projects and other activities by foreign organizations as measures of self-protection.[37]

A final important aspect in Makarychev's recontextualization is the attribution of soft power not only to international players, but also to cultural and religious ones, which would generally refrain from any power connotation. According to Makarychev, "soft power can definitely be discussed as a political category, yet many of those to whom soft power intentions are ascribed deny political categorization and prefer to define themselves in cultural and religious, rather than political, terms."[38] As the example of post-Soviet countries shows, it often

[34] Makarychev, "Prospects for thinking," 237.
[35] Ibid, 238.
[36] Ibid, 238.
[37] Ibid, 238.
[38] Ibid, 238.

occurs that religious leaders are expected to take political stances in national and international conflicts and explain their point of views on concepts such as democracy, discrimination, human rights, and, generally speaking, Western values. Consequently, Makarychev argues that religion has to be regarded not only as faith-related but also as "a tool for national (or imperial) identity-making, from cultural bordering between "selves" and "others" to putting in practice divisive protective measures against foreign intruders".[39] In order to better and fully understand the concept of soft power, Makarychev, hence, appeals to a further unpacking of the notion by disciplines other than only political science and international relations, especially cultural studies, sociology and semiotics.

3. The Old and the New Silk Road

3.1. Brief historical overview

The term 'Silk Road', first coined by German Geographer Ferdinand von Richthofen in 1877, refers to one of the most famous trade routes in world history, "a complex network of pathways linking trade centers from China to the Eastern Mediterranean and beyond."[40] Thus, 'Silk Road' does not stand for a single trade route but is rather a collective name referring to several ancient trade pathways connecting China and Central Asia. The origins of the 6.400 km long Silk Road network date back to prehistoric times when the trade route was used by nomads for livestock breeding. According to Frachetti et al., "[f]rom the 3rd to 2nd millennium BC, mobile pastoralists thrived across highland inner Asia and fostered longstanding interactive spheres that spanned from the Hindu Kush to the Altai Mountains and eastern Tian Shan in China."[41] During the Bronze Age the Silk Road network was used for the exchange of cultural and cultivation technique within Asia and the Middle East. Later, about 2000 years ago, a vast variety of goods such as silk, spices, glass, china, and tea were transported from China to the Mediterranean coast. Chinese traders, on the other hand, imported ivory, silver, gold, and wine from the West.[42]

[39] Makarychev, "Prospects for thinking," 239.
[40] Michael Frachetti et al., "Nomadic ecology shaped the highland geography of Asia's Silk Roads," *Nature* 543 (March 9, 2017): 193-198, https://doi.org/10.1038/nature21696.
[41] Frachetti et al., "Nomadic ecology", 193.
[42] Nadja Podbregar, "Uralte Wurzeln der Seidenstraße," *Wissenschaft.de*, March 8, 2017, https://www.wissenschaft.de/geschichte-archaeologie/uralte-wurzeln-der-seidenstrasse/.

The overland route was over 6.000 km long, but almost no caravan or person traveled the whole path. Instead, the trade of goods occurred through a staggered procedure by middlemen working in the trading centers of the route. The ancient trans-Asian overland route originated in China's first capital Xi'an (or Chang'an), proceeded along the Great Wall of China to the northwest, passing around the Taklamakan Desert, over the Pamirs mountains, to Kashgar, a city in today's autonomous province of Xinjiang in the northwest of China (see Figure 1). Kashgar was an important junction for the Silk Road as several primary and secondary routes leading to China, Europe, India, Tibet, and Russia came together there. Arriving from China, in Kashgar the route split into a southeastern path across Afghanistan to the Indian subcontinent, and a western path across what today are Turkmenistan, Iran, Iraq, and Syria, to the Anatolian peninsula and the eastern Mediterranean coast. From there, the route continued by sea to Rome.[43]

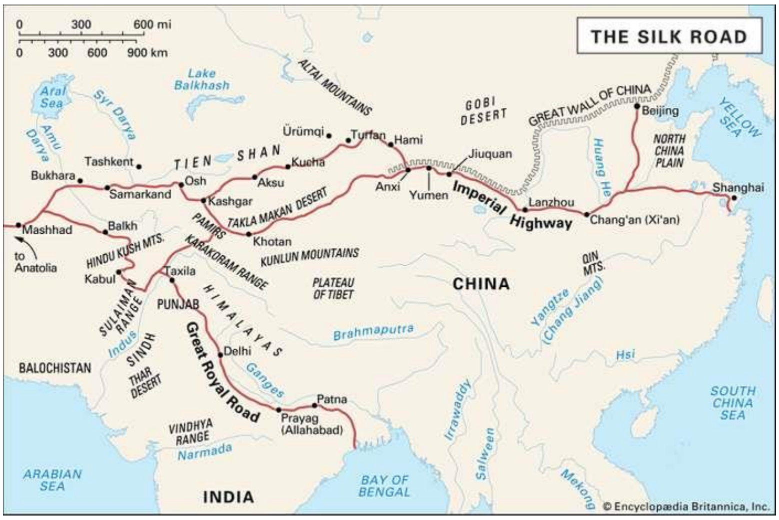

Figure 1 The Ancient Silk Road[44]

Due to the progressive loss of the Byzantine Empire in Asia along with the rise of Arabian power in the Eastern Mediterranean, the Silk Road became more and more dangerous and less traveled. While land routes were lucrative and favored until the 7th century – a period in which Roman, Chinese and Parthian powers thrived –, Arabs later played an important part in the surge of the maritime Silk Road. The latter was favored over the land route "due to the capacity for greater volume of shipments and relative safety compared to the looting and thefts on land

[43] "Silk Road," Encyclopedia Britannica, last modified September 29, 2020, https://www.britannica.com/topic/Silk-Road-trade-route; "Silk Road," Ancient World History, accessed October 3, 2020, http://earlyworldhistory.blogspot.com/2012/02/silk-road.html.
[44] Encyclopaedia Britannica, "Silk Road."

routes."[45] Disadvantages, on the other hand, included unstable weather conditions and rough storms, risky straits that required strong navigational skills, and subsequently a rise in piracy as a consequence of Mongol power on the Silk Road.[46]

The ancient maritime Silk Road was, roughly speaking, composed of two routes (see Figure 2). The first connected China to the Korean peninsula through the East China Sea. The second and much longer one lead from China, over the South China Sea, to Southeast Asia, South Asia, India, and onwards to the Persian Gulf. Although archeological data indicates that the history of maritime transportation goes back to thousands of years prior to the birth of the Silk Road, "the seaborne trade routes for the Silk Road strengthened during the time of Han Dynasty in China".[47]

Figure 2 The Ancient Maritime Silk Road[48]

Apart from goods, also ideas, cultures, religion, and art were conveyed between the two grand civilizations of China and Rome. For example, Nestorian Christianity arrived from Europe and Buddhism from India via the Silk Road. In 712 A.D. Arabs took over the city of Samarkand in today's Uzbekistan and spread Islam. It is also said that the plague arrived from China to Europe in the mid-14th century through the ancient Silk Road via land and sea, causing about 25 million deaths in Europe. This and various other reasons, such the weakening of the Mongol Empire

[45] Mohid Iftikhar and Faizullah Abbasi, "A Comparative View of the Ancient and 21st Century Maritime Silk Roads," Center for International Maritime Security, March 3, 2016, http://cimsec.org/ancient-land-and-the-maritime-silk-road/22660.

[46] Ibid.

[47] Ibid.

[48] Ibid, http://cimsec.org/ancient-land-and-the-maritime-silk-road/22660.

and the discovery of sea routes around the Cape of Good Hope, have led to a decrease of the land routes in the 15th century.[49]

3.2. The revival of the Ancient Silk Road – China's goals with the BRI

Several centuries after the Silk Road lost relevance, debates for the revival of the ancient trade route started in the 20th century. In 2015 the National Development and Reform Commission of China (NDRC) referred to the so-called *Silk Road Spirit* as "a historic and cultural heritage shared by all countries around the world":

> More than two millennia ago the diligent and courageous people of Eurasia explored and opened up several routes of trade and cultural exchanges that linked the major civilizations of Asia, Europe and Africa, collectively called the Silk Road by later generations. For thousands of years, the Silk Road Spirit – "peace and cooperation, openness and inclusiveness, mutual learning and mutual benefit" – has been passed from generation to generation, promoted the progress of human civilization, and contributed greatly to the prosperity and development of the countries along the Silk Road. Symbolizing communication and cooperation between the East and the West, the Silk Road Spirit is a historic and cultural heritage shared by all countries around the world.[50]

The initiative of mutually building the Silk Road Economic Belt and the 21st-Century Maritime Silk Road (jointly referred to as Belt and Road) was officially announced by Xi Jinping at the China-ASEAN Expo in 2013, the year he became the President of the People's Republic of China.[51] ASEAN countries – which are Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam – were the first main partners of the new Maritime Silk Road as one of China's first goals was "to create strategic propellers for hinterland development."[52]

The National Development and Reform Commission of China (NDRC) argues that the need for the revival of the Ancient Silk Road arises from a series of complex developments that the world is facing at present times, including the international financial crisis, the stagnant recovery of the world economy, and the unbalanced global advancement. Regional cooperation is a central aspect for coping with these challenges and one of the central catchphrases in the

---

[49] "Die Seidenstraße: Ein alter und ein neuer Handelsweg," *Bayrischer Rundfunk*, last modified February 5, 2018, https://www.br.de/wissen/seidenstrasse-buchdruck-papier-kompass-100.html.

[50] "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road," *National Development and Reform Commission (NDRC)*, March 28, 2015, https://en.ndrc.gov.cn/newsrelease_8232/201503/t20150330_1193900.html.

[51] Permanent Mission of the People's Republic of China, "The Belt and Road Initiative," last accessed October 20, 2020, http://www.china-un.ch/eng/zywjyjh/t1675564.htm.

[52] NDRC, "Vision and Actions."

objectives of the BRI. The official outline of the initiative – previously referred to as 'One Belt One Road' (OBOR) – states that the BRI's goals are:

- "to promote the connectivity of Asian, European and African continents and their adjacent seas,
- establish and strengthen partnerships among the countries along the Belt and Road,
- set up all-dimensional, multi-tiered and composite connectivity networks,
- and realize diversified, independent, balanced and sustainable development in these countries."[53]

According to the NDRC, the Belt and Road Initiative adheres to the principles of the UN-Charter: *mutual respect for each other's sovereignty and territorial integrity*, *mutual non-aggression*, *mutual non-interference in each other's internal affairs*, *equality and mutual benefit*, and *peaceful coexistence*. When looking at the official vision and actions on jointly building the BRI it, thus, becomes evident that the PRC tries to convey a highly peaceful image of a project that aims at strengthening a mutually beneficial collaboration with countries all over the world and, moreover, "making greater contributions to the peace and development of mankind."[54] In other words, the initiative is part of China's opening-up strategy and self-integration into the world economic system and it is supposed to help other countries along the route(s) and their economies to prosper and thrive. The following map (Figure 3) shows the two combined (land and sea) initiatives together with the Polar Silk Road, or Northern Sea Route (NSR):

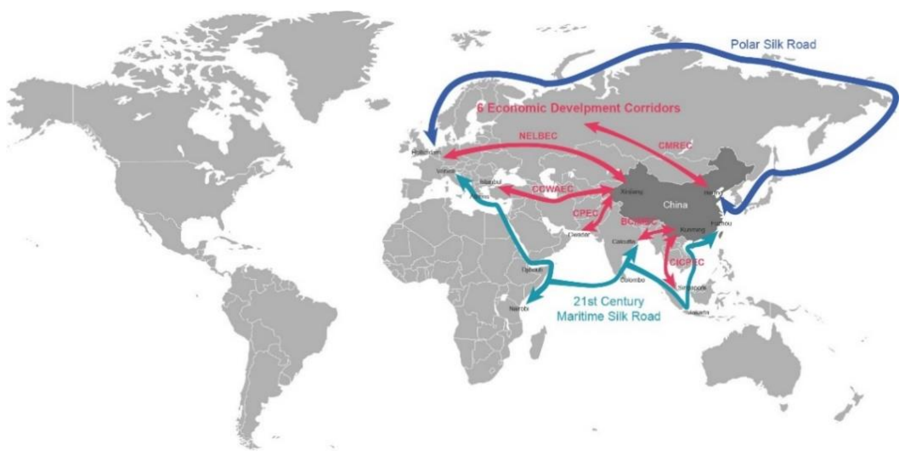

Figure 3 The Silk Road Economic Belt, the 21st Century Maritime Silk Road, and the Polar Silk Road[55]

[53] NDRC, "Vision and Actions."
[54] Ibid.
[55] Belt and Road Initiative, last accessed October 3, 2020, https://www.beltroad-initiative.com/belt-and-road/.

While the Chinese government officially claims that the BRI "is a way for win-win cooperation that promotes common development and prosperity and a road towards peace and friendship,"[56] others consider China's plan more of a win-lose situation or, at least, an initiative that first and foremost ensures Chinese interests instead of focusing on mutual benefits. According to Tonchev, it can be assumed that the BRI – what he calls a "sinocentric initiative" – intends to pursue the following objectives:

- Decreasing transportation costs for Chinese export products,
- Addressing and counteracting China's overcapacity in certain sectors of the economy, such as its steel and cement industries,
- Investing China's massive foreign exchange reserves (which in late 2016 were predicted to be more than $3 trillion),
- Advocating China's currency, the renminbi, as a global reserve currency,
- And raising demand for Chinese products and services by improving the economies along the BRI routes.[57]

Regarding the second point, many Chinese companies and businesses in the steel and cement industries have profited a lot from China's building boom of the recent past and now need to look for new projects abroad. This demand of Chinese construction companies and manufacturers is closely linked to the need of pushing the economies of economically underdeveloped countries along the BRI routes so that these countries take on projects that require Chinese products and services. In this respect, the Western Balkans are of great interest to China as "[i]nfrastructure projects in the region enable Chinese construction companies to acquire a track record in Europe, as well as help them mitigate their overcapacity challenges and create jobs for Chinese labourers."[58] Additionally, even if just to a small degree, the lack of infrastructure in the Western Balkans allows China to spend some of its excess capital.[59]

[56] NDRC, "Vision and Actions."
[57] Tonchev, "China's Road: into the Western Balkans," 1.
[58] Tonchev, "China's Road," 3.
[59] Ibid, 1-3.

3.3. Intentions of global hegemony – a Western point of view

Although the Chinese government depicts the BRI as "a systematic project, which should be jointly built through consultation to meet the interests of all,"[60] meaning a peaceful project that focuses on the economic interests of the countries along the Belt and Road, from a Western point of view China's intentions often appear rather aggressive than peaceful. As Tonchev puts it, the BRI "is seen by many as an ambitious game-changing plan devised by China to project its increasing economic and political power worldwide."[61] In fact, the BRI is more than a mere infrastructure project. Since the New Silk Road Project was unveiled, the government of the PRC created the misconception that the BRI is mainly about building railways, roads, bridges, etc. to connect the PRC and Europe, but it failed to articulate the complexity of the project. "The BRI is not a route, but a smart power strategy (a combination between cultural power and economic power) which aims to wrap the entire world, not only Eurasia and Africa, and which has become the leitmotif of China's foreign policy."[62] From a Western perspective, it thus seems that China is trying to position itself as a benevolent and reliable power that aims to save the world through foreign investments and its own economic power. In this light the BRI has been transformed from a simple, regional infrastructure project into a branding strategy, "a catch-all brand that shines a positive light on China" and the country's foreign policy.[63]

China's intentions of global hegemony were already criticized in reaction to the original name 'One Belt One Road'. As U.S. Secretary of Defense Jim Mattis remarked in 2017, "[i]n a globalized world, there are many belts and many roads, and no one nation should put itself into a position of dictating 'one belt, one road'."[64] As this was only one of several critical remarks regarding the name with the acronym 'OBOR', Beijing later decided to adopt a name that would be better accepted by the international community and a better fit for a project that, indeed, comprises one maritime and three overland routes. Changing the name to 'Belt and Road Initiative' can surely be considered an improvement, however, it did not change anything

---

[60] NDRC, "Vision and Actions."
[61] Tonchev, "China's Road," 1.
[62] Andreea Brînză, "Redefining the Belt and Road Initiative," *The Diplomat*, March 20, 2018, https://thediplomat.com/2018/03/redefining-the-belt-and-road-initiative/.
[63] Ibid.
[64] Ankit Panda, "Is the Trump Administration About to Take On China's Belt and Road Initiative?" *The Diplomat*, October 19, 2017, https://thediplomat.com/2017/10/is-the-trump-administration-about-to-take-on-chinas-belt-and-road-initiative/.

regarding the top-down approach adopted by the PRC to integrate Eurasia and Africa into a huge economic market.[65]

While the BRI has never been designed as a mere regional project, an important milestone that shows the extent of the BRI's global role took place in 2017, when for the first time two Latin American Presidents joined the Belt and Road Summit in Beijing. This was considered to be China's first move to expand the BRI beyond Asia, Europe, and Africa to Latin America. In 2017, Panama became the first state to join the BRI after having been convinced by Beijing to quit its diplomatic relations with Taiwan and, instead, building ties with the PRC. Subsequently, the PRC's foreign minister, Wang Yi, paid a visit to Panama during which he talked about a potential China-Latin America Cooperation. By the end of the year, at a meeting between the PRC and 33 member states of the Community of Latin American and Caribbean States (CELAC), the extension of the BRI to Latin America and the Caribbean countries became official as Foreign Minister Wang Yi described the region as natural fit for the initiative.[66]

The PRC's involvement in a region where U.S. influence is historically strong was likely to create new tensions between the two superpowers. Considering U.S. President Donald Trump's protectionist stance towards Latin American countries and the rest of the world, it does not come as a surprise that CELAC countries were welcoming to the idea of signing an agreement, the Santiago Declaration, to deepen economic and political cooperation with the PRC. Criticizing the problematic relations with the U.S. under President Trump, Chile's Foreign Minister Heraldo Munoz praised the China-CELAC meeting as "a categoric repudiation of protectionism and unilateralism."[67] Although the PRC stresses that its involvement in Latin America and the Caribbean "has nothing to do with geopolitical competition"[68], critics see in China's 'infrastructure crusade', which is all about shaping power, and a high risk for global security.

Through its involvement in Asia, Europa, Africa, and Latin America, the PRC clearly wants to create new spheres of influence around the globe and, by doing so, it is trying to establish a new world order. Its aggressive foreign policy and constant armament are, thereby,

---

[65] Wade Shepard, "Beijing To The World: Don't Call The Belt And Road Initiative OBOR," *Forbes*, August 1, 2017, https://www.forbes.com/sites/wadeshepard/2017/08/01/beijing-to-the-world-please-stop-saying-obor/#60d869117d45.

[66] Brînză, "Redefining the Belt and Road Initiative."

[67] Fabian Cambero and Dave Sherwood, "China invites Latin America to take part in One Belt, One Road," *Reuters*, January 22, 2018, https://www.reuters.com/article/us-chile-china/china-invites-latin-america-to-take-part-in-one-belt-one-road-idUSKBN1FB2CN.

[68] Cambero and Sherwood, "China invites Latin America."

regarded as a serious threat by various countries from the United States to Australia. Many observers even talk about a potential new Cold War scenario. Different than the USSR, however, the PRC is an economic superpower and as such it is closely linked to national economies all around the world. A trade war, let alone a new cold war, between the Western world and the PRC would, thus, drive many countries into the ground.[69]

4. China's BRI in Europe

As China's largest trading partner, the EU plays a significant role in the Belt and Road Initiative and it is of great value to China's interests and ambitions to become a modern, advanced economy. Western European countries are an important source of research and innovation in various sectors from high technology to smart manufacturing. Central and Eastern European (CEE) states are cost-effective in the production-intensive manufacturing sectors and, therefore, present various 'shift out' options for China's excess capacities. Moreover, CEE states often lack essential infrastructure and, thus, provide lucrative development opportunities in this area. The same applies to the Western Balkan states, although they are not part of the Union. Southern European members, on the other hand, are also receptive for strategic infrastructure investments after having accumulated high debts in the 2008 global financial crisis. European countries that are attractive to Chinese interests – as they present opportunities for strategically effective infrastructure investment – have, thus, emerged as distinguished focal points within the structure of the BRI.[70] Two of these focal points are the WB6-countries and Greece, which are both relevant in terms of Chinese infrastructure investments and geo-political influence, and will be discussed in this chapter.

From a geographical point of view, Europe can be reached both through the land and the sea route from China (see Figure 3). Greece is in a strategically significant position as it lies on the maritime Silk Road. Arriving from the Suez Canal, Chinese ships enter the European market at the harbor of Piraeus, which is in Chinese hands since 2016 and often referred to as the Chinese entrance gate to Europe. From Piraeus, products are further shipped on smaller

[69] Sommer, "Der chinesische Masterplan."

[70] von Hauff, "China's Silk Road Initiative," 27.

boats to other Mediterranean harbors or transported on the land route over the Western Balkans to Central and Western European countries.[71]

The Western Balkans Six (WB6) play a key role from both a geo-economic and political perspective. On the one hand, the six southeastern European countries function as a main transport corridor for the BRI, connecting Greece with Central Europe. On a political level, on the other hand, "Beijing has always pursued a strategy of building political support among a large number of relatively small developing countries", such as the Western Balkans. [72] As non-EU members the Western Balkans have been affected differently by China's global 'going out' strategy than EU-member states – an aspect which will be discussed as later in this chapter.

A further significant aspect of China's 'going out' strategy is the so-called '17+1' format, a Chinese diplomatic initiative that connects 12 European member states, and 5 Western Balkan countries. The aim of this Thinktank network is to build foreign support for the BRI, especially in those countries in which numerous Chinese funded infrastructure projects are running. The '17+1' initiative constitutes a key aspect in China's involvement in Europe as it is often strongly criticized "as a kind of 'divide and rule' diplomacy by China in Europe"[73]. It will, thus, be discussed in the third sub-section of this chapter.

4.1. The Western Balkans

The Western Balkans are a complex regional scene in the framework of the Belt and Road Initiative. Being surrounded by EU-member states (see Figure 4[74]), none of the six Western Balkan countries – Albania, Bosnia and Herzegovina, Kosovo, Montenegro, the Republic of North Macedonia, and Serbia – is (yet) part of the Union. Although the EU accession promise for all Western Balkan states is still effective, it is at present not clear when the accession negotiations will reach a successful end. Moreover, the six states are currently at quite different stages of their EU accession process: Serbia and Montenegro are ahead in the process as the two countries are already in the midst of the accession negotiations with the EU. North-Macedonia and Albania had their admission into the negotiation process confirmed by the EU,

[71] Gerd Höhler, "China hat große Pläne mit dem Hafen von Piräus," *Handelsblatt,* March 23, 2019, https://www.handelsblatt.com/politik/international/neue-seidenstrasse-china-hat-grosse-plaene-mit-dem-hafen-von-piraeus/24136646.html.
[72] Tonchev, "China's Road: into the Western Balkans," 2.
[73] *Corporate Europe Observatory*, "Follow the New Silk Road."
[74] Solid, "SOLID supports Western Balkan countries in the energy transition," last accessed October 3, 2020, https://solid.at/en/news/item/solid-supports-western-balkan.html.

however, an official starting date has not yet been decided on. Lastly, Kosovo and Bosnia and Herzegovina have both applied for EU membership but are still waiting for a hearing date.[75]

Adding to the complexity of the region is the fact that Kosovo, which declared its independence in 2008, is not recognized by 5 EU member states, which, for the time being, renders the country's joining to the EU almost impossible.[76] The situation of the second smallest Western Balkan country (after Montenegro, in terms of population) is not only a European issue, but rather a global one. Russia, which still exerts great influence in the Western Balkans primarily in terms of Russian natural gas deliveries, rejects the recognition of the Republic of Kosovo, and so does the PRC. In fact, the People's Republic of China did not just condemn the country's declaration of independence but went a step further and filed a suit against Kosovo's decision at the International Court of Justice in 2009. The reason for Beijing's radical attitude is its serious concerns that Kosovo's independence could constitute a precedent for the Chinese troubled autonomous regions of Tibet and Xinjiang.[77]

Figure 4 The Western Balkans

Due to their geographical position, the Western Balkan countries are vital pieces of the New Silk Road puzzle. After China's strategically significant move of purchasing the Greek harbor of Piraeus, the Southeastern European region has become a key area for Chinese infrastructure investments. Improving infrastructure in the Western Balkans allows China to transport goods from Piraeus, through the land route, into the common market of the EU. By investing in the Western Balkans, China is also trying to "to gain economic footholds in countries that are supposed to eventually become EU member states". [78] Additionally, as non-EU members the WB6 countries are not subjects to EU environmental and social regulations, which makes them a rather easy target for Chinese infrastructure projects.

---

[75] Bernd Riegert, "EU will den Westbalkan bei Laune halten," *Deutsche Welle*, May 6, 2020, https://www.dw.com/de/eu-will-den-westbalkan-bei-laune-halten/a-53337178.
[76] Ibid.
[77] Tonchev, "China's Road," 2.
[78] Austin Doehler, "How China Challenges the EU in the Western Balkans," *The Diplomat*, September 25, 2019, https://thediplomat.com/2019/09/how-china-challenges-the-eu-in-the-western-balkans/.

Regarding the region's economic underdevelopment, the Western Balkans have been welcoming Chinese involvement from the very beginning "as China pumps much-needed capital into national and regional economic development efforts".[79] All WB6 countries, apart from Kosovo, have bilateral agreements, so-called memoranda of understanding (MoU), with the PRC and are official partners of the BRI. Generally speaking, policymakers in the Western Balkans are enthusiastic about the Chinese project, "seeing it either as a harmless marketing label that generates political kudos with Beijing, or as a genuine opportunity to position their countries as logistics hubs along the Belt and Road."[80]

In the following we will discuss Chinese activities in all Western Balkan countries except for Kosovo, one of the few countries in the world with barely any Chinese economic involvement. A focus will be placed on Serbia, which is not only the largest WB6 country, but also the main recipient of Chinese financial means.

4.1.1. Serbia

As China's key partner in the region and due to the close bond between the governments of the two countries, Serbia is probably one of the most important European countries in the framework of the BRI. A frequently mentioned key element of Sino-Serbian Friendship is China's strict refusal to accept Kosovo's independence, which is why Beijing continues to see Kosovo as a part of Serbia. In return to China's support, Belgrade strongly approves the One-China policy as well as China's territorial involvement in the South Chinese Sea.[81]

China-Serbia relations go back to the previous century. In the 1980s and 1990s, China cultivated active diplomatic relations with Yugoslavia and rigorously spoke out against the NATO bombing of Serbia and Montenegro in 1999, during which also the Chinese embassy in Belgrade was mistakenly attacked. However, economic engagement between China and the countries of former Yugoslavia only truly started with Serbia in the last decade. In 2009 the two countries signed a Strategic Partnership agreement, which was later upgraded to a "Comprehensive Strategic Partnership" in 2016. The same year the two parties also signed an agreement on mutual visa-exemption in order to enhance tourism.[82] Since the signing of the

[79] Tonchev, "China's Road," 3.
[80] Jacob Mardell, "China's Economic Footprint in the Western Balkans", *Bertelsmann Stiftung*, 2020, https://www.bertelsmann-stiftung.de/de/publikationen/publikation/did/chinas-economic-footprint-in-the-western-balkans.
[81] Tonchev, "China's Road," 2.
[82] Mardell, "China's Economic Footprint in the Western Balkans."

Strategic Partnership agreement, China has officially become one of the four pillars of Serbia's foreign policy and Serbia has turned into China's extended hand in Europe. Meanwhile Belgrade is home to a Confucius Institute and a Chinatown with Chinese patrols.[83] Most Chinese migrants came to Serbia after former Yugoslav President Slobodan Milosevic's visit to China in 1997. In an attempt to win additional voters for the Serbian elections, Milosevic is said to have attracted more than 50.000 Chinese by providing them with the Yugoslav passport. It is also rumored that Milosevic's wife was the first advocate of a Chinatown in Belgrade, located in New Belgrade's Blok 70.[84] During the late 1990s, many Chinese made use of loose border controls and migrated to Serbia in the hope of achieving profits in the Serbian economy. In fact, it was mainly poor farmers and peasants from China's Southeastern provinces who were attracted by living in a European country.[85] "The existence of large Chinese populations in places like Blok 70 makes it easier for newer Chinese communities to emerge,"[86] therefore, also more and more Chinese students are coming to Serbia to study at institutions like the University of Belgrade and the University of Novi Sad. The visa-free policy between China and Serbia, which both governments announced in 2017, makes Serbia an attractive and easy target for Chinese students.

The official numbers of Chinese citizens in Serbia today highly vary from source to source. According to a Wikipedia article, the 2011 census counted 1.373 Chinese people in Serbia. In 2016, the number of Chinese permanent residents in Serbia was 1.232 while 3.280 Chinese people had a temporary residency.[87] Unofficial numbers, however, seem to be much higher. In fact, an *abc News* article published in 2006 talks about 15.000 Chinese immigrants[88], and an article published by *Balkan Insight* in 2010 presents an estimated number of 40.000 Chinese citizens in Serbia.[89]

---

[83] Faruk Ajeti, "Brücken, Autobahnen, Kraftwerke, Industrieparks und auch noch Polizisten – wie China auf dem Balkan der EU auf der Nase herumtanzt," *Neue Züricher Zeitung*, January 28, 2020, https://www.nzz.ch/meinung/nun-auch-noch-polizisten-china-macht-sich-auf-dem-balkan-breit-ld.1532143#back-register.

[84] Mona Mangat, "East Meets West in Blok 70," *BalkanInsight*, March 22, 2010, https://balkaninsight.com/2010/03/22/east-meets-west-in-blok-70/.

[85] Wan (Sabrina) Tsai, "The Identity of the Chinese in Belgrade: A National Question," SIT Study Abroad (Spring 2011): 14, https://digitalcollections.sit.edu/cgi/viewcontent.cgi?article=2088&context=isp_collection.

[86] Larisa Karr, "Chinese Students Choose to Study in 'Totally Different' Serbia," *BalkanInsight*, July 12, 2019, https://balkaninsight.com/2019/07/12/chinese-students-choose-to-study-in-totally-different-serbia/.

[87] Wikipedia, "Demographics of Serbia," last accessed October 24, 2020, https://en.wikipedia.org/wiki/Demographics_of_Serbia#cite_note-28.

[88] Dragana Jovanovic, "Chinese Migrants Use Serbia as Gate to Europe," *abc News*, January 6, 2006, https://abcnews.go.com/International/story?id=83182&page=1.

[89] Mangat, "East Meets West in Blok 70."

As the region's largest economy, which is accountable for 44% of the regional GDP, Serbia is the target of various BRI-related infrastructure and energy projects funded by the Chinese state-owned Exim Bank.[90] The first big, Chinese funded project – worth $260 million – was the Sino-Serbian Friendship Bridge, or Pupin Bridge, across the Danube in Belgrade. The bridge was completed in 2014 and is regarded a symbol of successful Sino-Serbian partnership.[91] China's most significant project in Serbia – which is of strategic relevance for the BRI in Southeast Europe – is the modernization of the Belgrade-Budapest railway route. The ultimate goal of this project is to build a transportation corridor between the Greek harbor of Piraeus and Western Europe leading through North Macedonia, Serbia, and Hungary. According to calculations of the China-CEE institute in Budapest, it would be possible to save 15 days by transporting Chinese containers over the land route instead of using the longer maritime route from Piraeus to Hamburg or Rotterdam.[92] The deal between China, Hungary, and Serbia was signed in January 2015, however, the project is proceeding at a very different pace on the Serbian and the Hungarian side. While it was planned that by 2017 trains would already travel from Belgrade to Budapest, Hungary has not begun with the construction works yet, as "[t]he main obstacle appears to be concerns of the EU Commission about the lack of transparency in the financial agreements between Hungary and China".[93] Around 85% of the € 2.4 billion that Hungary is investing in this project are provided by the Chinese Exim Bank in the form of a loan, which is strongly criticized by Brussels. While Hungary argues that the country's great lack of infrastructure requires China's help as the EU is not investing enough, Brussels refutes this reproach by stating that in the period 2014-2019 the Hungarian railway infrastructure received € 860 million of EU funds. Moreover, the project started in 2015 without an open tender procedure that would have allowed a fair competition for all companies. After the European Commission referred to a potential infringement, Hungary started a public call for tenders, which, however, ended with the same Chinese companies receiving the works contracts – a result that still infuriated Brussels.[94]

The Belgrade-Budapest railway project clearly displays the difference between Chinese funded projects in EU-member and non-EU member states. "In contrast to projects involving

---

[90] Valbona Zeneli, "China in the Balkans: Chinese investment could become a challenging factor for the European future of the Western Balkans," *The Globalist*, April 9, 2019, https://www.theglobalist.com/balkans-china-fdi-belt-and-road-eu/.

[91] Tonchev, "China's Road," 2.

[92] Eszter Neuberger and Alicia Prager, "Auf seidenen Schienen: Bahnstrecke zwischen Budapest und Belgrad," *Profil*, December 17, 2019, https://www.profil.at/ausland/china-budapest-belgrad-bahn-11279753.

[93] Zeneli, "China in the Balkans."

[94] Neuberger and Prager, "Auf seidenen Schienen."

Hungary, Belt and Road Initiative infrastructure projects related to the Western Balkans are, of course, not bound by EU standards and regulations, which also look at the financial sustainability of projects" explains Zeneli.[95] From a Chinese perspective it is, thus, much easier to conduct projects in the Western Balkans, where Brussel's voice is not as dominant and the EU does not have the power to hinder projects as it is currently the case in Hungary. In fact, the retrospective enforcement of EU procurement rules, that lead to a new tender call for the project in Hungary, has not been relevant on the Serbian side. In Serbia, two of the three segments of the railway route have been assigned to Chinese companies, and the construction of middle section is in the hands of Russian Railways.[96] While China has tried to apply the same procedure in EU-member states as it has done in African and Western Balkan countries – where Chinese funded projects are predominantly in the hands of Chinese companies – Brussels does not accept these tactics. Understandably enough, the EU also has economic interests and wants to ensure that also European companies such as Siemens, Swietelsky, and Strabag can profit from Chinese infrastructure projects in Europe.[97]

Chinese funded projects in Serbia are not limited to infrastructure projects, but also extend to the energy sector. The other two biggest projects in the region – after the Belgrade-Budapest railway corridor – are the construction of a highway from Belgrade to the boarder with Montenegro, also called Corridor XI or E-763, and the expansion of the thermal power plant in Kostolac in eastern Serbia. Despite warning remarks from the West, Belgrade also decided to leave the development of the 5G network to the Chinese telecommunications company Huawei.[98]

The construction works in Serbia's main coal-fired power station Kostolac B3 are highly criticized by industry and climate experts both in terms of costs, contract agreement, and environmental standards. A loan of $715 million has been financed by a Chinese state bank for the expansion of the Kostolac power plant complex and the construction is led by one of China's largest companies. While China positions itself as a global leader in the fight to reduce carbon emissions and realizes renewable energy projects at home in order to cut coal consumption, experts criticize that the country is walking a quite different, less sustainable path abroad. In fact, "Chinese companies are the world's largest investors in overseas coal plants. They are involved in building about a fifth of new coal-fired energy capacity around the world, mostly

[95] Zeneli, "China in the Balkans."
[96] Mardell, "China's Economic Footprint."
[97] Neuberger and Prager, "Auf seidenen Schienen."
[98] Ajeti, "Brücken, Autobahnen, Kraftwerke."

in the countries along its ambitious "Belt and Road" investment program."[99] Although China's guidelines on foreign investments promote environmentally friendly procedures, experts warn that these guidelines are not binding. Moreover, most Chinese built power stations are located in countries that either lack pollution emission standards or only have low local environmental standards, which is the case in the Western Balkans. From an environmental perspective, the expansion of the thermal power plant Kostolac B is, thus, very problematic as it will be fueled by lignite, a type of coal "considered to be among the most heavily polluting fossil fuels."[100]

Almost all of the above projects are funded by the Chinese Exim Bank, which has granted funds worth at least $3.18 billion for infrastructure and energy projects in Serbia. It is not clear, however, how high the pending debt on the Serbian side currently is since the Bank of Serbia does not present a detailed list of external debt by country. Exim loans finance 85% of project costs and their interest rates vary from 2-3% depending on the project. According to the size of the loan, the payback periods are from 15 to 30 years. In most projects the participation of local labor and companies is about 50%.[101]

Another point in which Serbia stands out in the WB6 is its involvement in various large Chinese equity investments, the flagship project of which is the acquisition of the troubled Smederevo steelwork in 2016 by the Chinese Hesteel Group. According to Mardell, this €46 million purchase was rather politically than economically motivated. The steel mill was inaugurated by the Chinese president himself and began making a profit within six months.[102]

In view of the future, Serbia and China are planning numerous other infrastructure projects in the framework of the BRI. Two of those are the construction of a new Belgrade metro system and a new industrial park in Borca. Another sensitive topic – highly criticized by the EU as it is said to pose a threat to fundamental rights[103] – is the Safe City project in the three Serbian cities of Belgrade, Novi Sad and Smederevo. The project is carried out by two Chinese high-tech industries, Huawei and HIKVision, which supposedly have installed 1000 high-definition cameras that use both license plate and facial recognition software.[104]

Another point in which Serbia stands out in the WB6 is its involvement in various large Chinese equity investments, the flagship project of which is the acquisition of the troubled

[99] Dusan Stojanovic, „China's coal project in Serbia raises climate change worries," *The Associated Press*, November 30, 2018, https://apnews.com/d59c2fbabbba442cbc221282f3b4ad6b.
[100] Ibid.
[101] Mardell, "China's Economic Footprint."
[102] Ibid.
[103] Mara Bizzotto and Anna Bonfrisco, Parliamentary Questions, *European Parliament*, last updated October 18, 2019, https://www.europarl.europa.eu/doceo/document/E-9-2019-003068_EN.html.
[104] Stojanovic, „China's coal project in Serbia."

Smederevo steelwork in 2016 by the Chinese Hesteel Group. According to Mardell, this €46 million purchase was rather politically than economically motivated. The steel mill was inaugurated by the Chinese president himself and began making a profit within six months.

4.1.2. Bosnia & Herzegovina, Montenegro, The Republic of North Macedonia, Albania

Although the PRC's relations to the other four Western Balkan countries[105] are not as strong and extensive as China-Serbia relations, the Asian superpower is funding BRI-related projects all over the Western Balkan region. Just as Serbia, also Bosnia & Herzegovina, Montenegro, The Republic of North Macedonia, and Albania have bilateral agreements with the PRC and are part of the 17+1 format. This sub-chapter will try to explain the strategic importance of these four WB6-countries and give an overview of the infrastructure projects conducted there.

Different than China-Serbia relations, the Partnership between the PRC and Bosnia & Herzegovina is restricted to a Confucius Institute in Sarajevo, some smaller cultural exchanges and Sino-Bosnian friendship associations, and the settlement of omnipresent Chinese companies such as Huawei. Like Serbia, BiH has a visa-free agreement with the PRC. According to Mardell, the restricted cooperation between the PRC and the second largest WB6-country is partly "due to the incredibly complex political structure stipulated by BiH's constitution, an annex to the Dayton Peace Agreement that ended the Bosnian War."[106] Chinese projects focus somewhat more on the autonomous Republika Srpska, the Serb-majority region in Bosnia, and are predominantly engaged in the construction of power plants and highways. The only project that is linked to a state guaranteed loan is the Tuzla B project, which is harshly criticized by environmental groups and the EU Energy Community Secretariat as the Bosnian state guarantee violates EU regulations concerning public subsidy to the energy sector.[107]

Although being the smallest country in the Western Balkans, Montenegro hosts the most costly and ambitious – and simultaneously one of the most debated – Chinese Infrastructure projects in the region. China Road and Bridge Corporation (CRBC) is building a 41 km long highway from Smokovac to Matesevo, which constitutes a section of the 170 km Bar-Boljare Highway connecting the Adriatic port of Bar to Boljare on the Serbian border. 85% of the €810 million contract between the Montenegrin government and CRBC are provided by the Chinese Exim Bank. However, the costs of the project will most definitely surpass this amount as both currency fluctuations and extra works such as electricity supply are not included in the €810

[105] Kosovo is excluded here as it is not recognized as an independent country by China.
[106] Mardell, "China's Economic Footprint."
[107] Ibid.

million. The government of Montenegro estimates that the additional costs of the project will be around €1.7 billion. Criticism is being voiced against the project's lack of transparency, its environmental damage to the river Tara, protected by UNESCO, and, most of all, against the project's economic rationale. In fact, according to reports by the World Bank and the IMF, the Smokovac-Matesevo highway is considered "a fiscally irresponsible move" that will jeopardize Montenegro's fiscal sustainability.[108] The project was originally planned to be completed by September 30, 2020, but due to the current Covid-19 crisis the deadline had to be postponed. Out of the 1.080 workers that were hired for the construction of the Smokovac-Matesevo highway 460 are Chinese citizens.[109]

The Republic of North Macedonia plays an important role in China's infrastructure project due to its strategic position on a potential trade route connecting the Greek harbor Piraeus with Hungary's capital Budapest. Chinese companies are currently working on the construction of two highways that will link Piraeus to other European traffic networks: the Skopje-Stip section in the Eastern part of the country, and the Kicevo-Ohrid section in the West. The costs of these projects amount to 206 million and 373 million Euro each.[110] Both projects were assigned to the Chinese company Sinohydro and are funded by a concessional loan from the Chinese Exim bank. Construction works began in 2014 but were later paused by the new Zaev government – after numerous dubious technical problems emerged. While the Miladinovci-Stip highway was completed in June 2019, the Kicevo-Ohrid section is currently still under construction.[111]

Albania's strategic importance for the BRI, especially for the 21st-Century Maritime Silk Road, derives from its long coastline (see Figure 4) and its major energy resources. In fact, the Geo-Jade Petroleum Corporation, based in Shanghai, purchased the control rights over two Albanian oil fields (Patos-Marinza and Kucova-Arreza) for $442 million from a Canadian company. Tirana International Airport SHPK is also in the hands of two Chinese firms. Moreover, Albania takes on a key role along the Trans-Adriatic Pipeline, an 870 kilometer long natural gas pipeline which – upon completion – will enable natural gas supply from the Caspian Region through Turkey, Greece, and Albania to Italy and whole Western Europe.[112] Just as in other WB6-countries, the Chinese Exim Bank is financing the construction of two motorways

[108] Mardell, "China's Economic Footprint."
[109] Ralev Radomir, "Montenegro completes some 90% of Smokovac-Matesevo motorway section," *SeeNews*, June 26, 2020, https://seenews.com/news/montenegro-completes-some-90-of-smokovac-matesevo-motorway-section-704180.
[110] Ajeti, "Brücken, Autobahnen, Kraftwerke."
[111] Mardell, "China's Economic Footprint."
[112] Tonchev, "China's Road: into the Western Balkans," 3.

in Albania: the Arbër motorway, which will connect Tirana with Skopje, as well as the Ionian-Adriatic motorway, running from Greece to Montenegro.[113]

4.1.3. Loans vs. direct investments

In order to better understand the extent of China's involvement in the Western Balkans (and Europe), it is important to consider the difference between loans and direct investments as two different ways of financing projects.

The European Union is the main trade partner for the Western Balkans as well as the main investor in the region. It is responsible for 73% of the region's trade and it accounts for more than 60% of its foreign direct investments (FDI). In spite of numerous Chinese funded projects in the region, the PRC, on the other hand, accounts for only 5.7% of the Western Balkans' total trade. The PRC's FDI makes up only 3% of the region's total stock, thus being significantly lower than the EU's FDI in the Western Balkans. Standing out from its neighboring countries, Serbia is the only WB6-member which has received considerable direct investments from China.[114]

According to a study by Rhodium Group and MERICS, Chinese direct investments in Europe (and worldwide) are constantly decreasing. In 2019 Chinese companies have invested 12 billion EUR in Europe, which corresponds to a 33% decrease compared to 2018. Since 2016 Chinese FDI numbers have been dropping worldwide. At the same time the sectoral distribution has changed. While the automobile industry used to be the main target of Chinese investors in Europe, 40% of the investment capital in 2019 was spent for consumer goods and services. The ICT sector remains an important target too, which reflects China's steady interest in European technology, companies, and know-how.[115]

The following chart (Figure 5) shows the total Chinese FDI in European countries in the period from 2000 to 2019 in billions of euros. While large economies such as the United Kingdom and Germany remain the biggest recipients of direct investment, over the last few years Northern European countries such as Finland and Sweden have seen rising numbers of

---

[113] Ajeti, "Brücken, Autobahnen, Kraftwerke," 4.
[114] Zeneli, "China in the Balkans."
[115] MERICS, "Chinesische Direktinvestitionen in Europa 2019: Sinkende Investitionen, engere Verflechtungen und neue Bedenken, " April 8, 2020, https://merics.org/de/pressemitteilung/chinesische-direktinvestitionen-europa-2019-sinkende-investitionen-engere.

Chinese funds. With € 1.9 billion Greece is in the middle range on EU level between Belgium and Poland.[116]

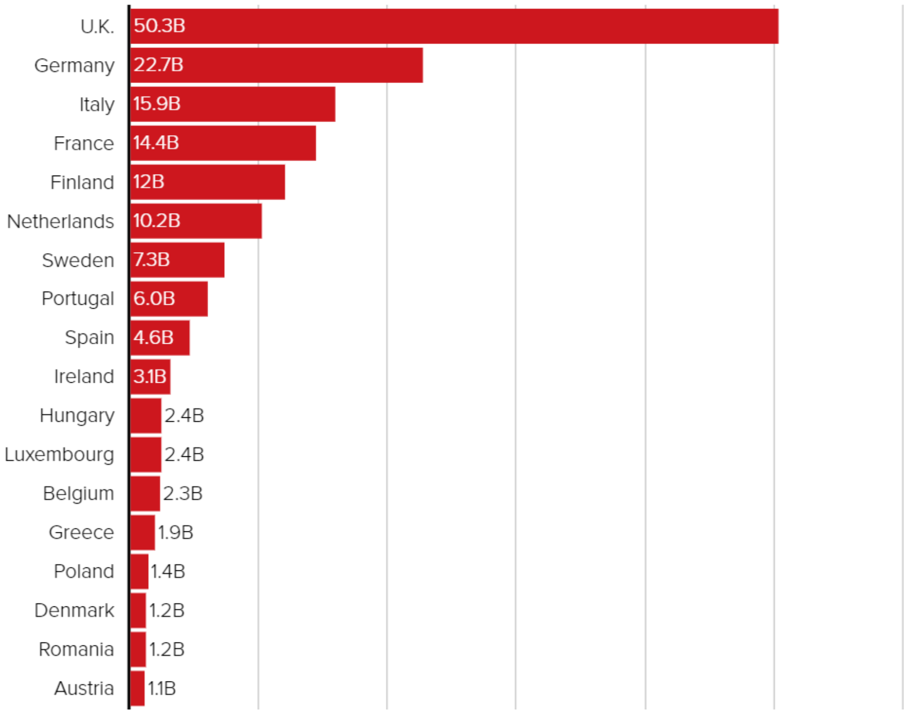

Figure 5 Chinese FDI 2000-2019[117]

When it comes to Chinese investments in the Western Balkans, the PRC is financing its infrastructure projects (just like in many other countries and regions) mainly through favorable loans that are given to the governments by Chinese investors. These investments are usually public investments of local governments rather than direct investments of Chinese companies. Chinese loans generally have a duration of 20 years and come with a low interest rate of about 2%. BRI-related projects are partly financed through multilateral development banks such as the Asian Infrastructure Investment Bank (AIIB) or the New Development Bank (NDB), in which China holds a stake. Most loans, however, come from Chinese banks, primarily from the state-owned Export-Import Bank of China (China EXIM Bank). Other relevant institutions are the China Development Bank (CDB) and the Agricultural Development Bank of China (ADBC).[118]

---

[116] Cornelius Hirsch, „China's influence in Europe — by the numbers," Politico, September 14, 2020, https://www.politico.eu/article/mo-money-mo-pandas-chinas-influence-in-europe-by-the-numbers/.

[117] Ibid. (Due to lack of space the chart is incomplete. Countries with a lower Chinese FDI than Austria are – in chronological order – the Czech Republic, Malta, Bulgaria, Croatia, Slovenia, Cyprus, Estonia, Latvia, Lithuania, and Slovakia.)

[118] Predrag Ćetković, „Der Einfluss Chinas auf dem Westbalkan – und wie er finanziert wird…," *Kurswechsel* 4 (2018): 87-88, http://www.beigewum.at/kurswechsel/jahresprogramm-2018/heft-418-10-jahre-krise/.

It thus becomes evident that FDI numbers alone do not give a complete picture of the situation, as China does not operate through direct investments in the region but rather through bank lending. The fact that Western Balkan countries are financially and economically weak as well as indebted does not seem to bother Chinese investors too much, but rather the opposite. Vague regulatory practices, labor regulations and public procurement seem to attract Chinese investors and facilitate the pursue of their own interests (see infrastructure project involving Serbia and Hungary in 4.1.1.). While China benefits from the lax regulation practices in Non-EU member states, the local governments take the risk of getting (further) into large debt. Most Western Balkan countries have, in fact, significant foreign debts to China.

Referring to a MERICS statistic, Zeneli states that "[a]s of 2018, Montenegro owes almost 40% of its debt to China, followed by North Macedonia with 20%, Bosnia and Herzegovina with 14%, and Serbia with 12%."[119] A report by Clingendael Institute from August 2020 shows partly different numbers for WB6 countries' foreign debts. The table below (Table 1) summarizes both Chinese FDI (in % of the total investment in 2018) as well as foreign debt to China (2019 levels). The latter is also displayed in Figure 6.[120]

	Chinese FDI	**foreign debt**
Serbia	14.82 %	7.91 % of Serbia's EUR 24.5 billion government debt
BiH	no recent reliable data available	13 % of Bosnia's total external debt
Montenegro	0.36 %	22 % of Montenegro's EUR 671 million total foreign debt
The Rep. of North Macedonia	3. 75 %	approx. 14 % of the current EUR 5.2 billion government debt
Albania	2.27 %	EUR 1.6 million

Table 1 Chinese FDI and foreign debts in the Western Balkans[121]

[119] Zeneli, "China in the Balkans."
[120] Zweers et al. "China and the EU in the Western Balkans: A zero-sum game?" Clingendael Report, August 2020, 12-16, https://www.clingendael.org/sites/default/files/2020-08/china-and-the-eu-in-the-western-balkans.pdf.
[121] Ibid.

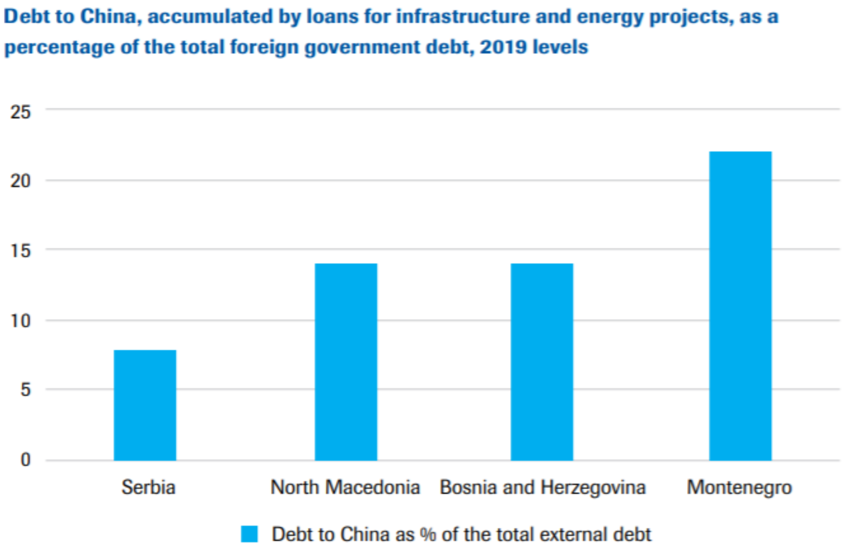

Figure 6 Debt to China[122]

As shown by Figure 6, Montenegro is the WB6 country with the highest foreign debt to China. Serbia, on the other hand, has the highest percentage of Chinese FDI and – at the same time – the lowest percentage of debts to China.[123] Albania is not displayed on this chart, however, it can be said that the country "has registered a decreasing level of indebtedness to China, owing Beijing EUR 13.7 million in 2010 and EUR 1.6 million in 2019."[124]

4.2. Greece

As an EU-member state, Greece is a significant political partner for the PRC and due to is geographical position in the Southeast of Europe (see Figure 7[125]) it is highly relevant for the Belt and Road Initiative. While in the Western Balkans China focuses on the construction of railways and highways, Greece plays a crucial role for the maritime corridors of the BRI. Arriving from the Suez Canal, Chinese ships enter the European market at the harbor of Piraeus, commonly referred to as the Chinese entrance gate to Europe. From Piraeus, products are further transported to Central and Western Europe either by land over the Western Balkans or by sea to other Mediterranean harbors.

[122] Zweers et al. "China and the EU in the Western Balkans," 16.
[123] Ibid.
[124] Ibid, 15.
[125] "Karte Griechenland," last accessed November 11, 2020, https://de.maps-greece.com/karte-griechenland.

Figure 7 Greece's strategic location

As one of the EU countries that has been hit the hardest by the 2007/8 financial crisis, Greece opens the possibility for profitable strategic infrastructure investments for Chinese investors. From a Greek perspective, on the other hand, the cooperation with the PRC promises to boost the Greek economy. Considering that 90% of China's foreign trade travels on maritime routes, countries like Greece but also Italy, Malta, Spain, and France seek the economic advantages provided by the BRI. China is already widely benefitting from the big European port market by either having shares in or controlling a dozen European ports.[126] More specifically, Chinese state-owned companies (SOEs) hold stakes in 16 terminals in 13 different European ports.[127] In the Netherlands, China controls 35% of Euromax Terminal Rotterdam, Europe's largest port. In Belgium, China owns 20% of the Port of Antwerp, Europe's second largest port, and 100% of the Port of Zeebrugge, one of the world's prime roll-on/roll-off ports. Europe's third largest port, the Port of Hamburg, is not owned by Chinese companies, however, China is by far the largest trading partner.[128] In Southern European countries, Chinese companies have shares in the ports of Valencia and Bilbao in Spain, Dunkirk, Le Havre, Marseille and Nantes in France, Marsaxlokk in Malta and Genoa in Italy.[129]

---

[126] B. Lana Guggenheim, "Go Big or Go Home: China Invests in Greece," *SouthEUSummit*, November 25, 2019, https://southeusummit.com/europe/greece/go-big-or-go-home-china-invests-in-greece/.

[127] Olaf Merk, "China's participation in European container ports: Drivers and possible future scenarios," *Revue international et stratégique* 117, no. 1 (2020) : 41, https://www.cairn-int.info/article-E_RIS_117_0041--china-s-participation-in-european.htm.

[128] Ronald H. Linden, "China is Buying Up Ports and Influence Across Europe," *Global Business Outlook*, last accessed October 27, 2020, https://www.globalbusinessoutlook.com/china-is-buying-up-ports-and-influence-across-europe/.

[129] Joanna Kakissis, "Chinese Firms Now Hold Stakes In Over A Dozen European Ports," *NPR*, October 9, 2018, https://www.npr.org/2018/10/09/642587456/chinese-firms-now-hold-stakes-in-over-a-dozen-european-ports.

In November 2019, China and Greece signed a Memorandum of Understanding, an extensive trade agreement in the amount of 2.5 billion EUR which includes a total of sixteen trade areas, such as tourism, agriculture, energy, and – one of the most significant sectors – ports. As China delivered notable aid when Greece was hit by the 2008 financial crisis, the signing of this new trade deal was considered "the natural next step in an ongoing relationship."[130] The first part of this sub-chapter will discuss China's involvement and endeavors in the harbor of Piraeus, and the second part will analyze the political ties between China and Greece as well as their meaning for the European Union.

4.2.1. The harbor of Piraeus

The harbor of Piraeus is not only Greece's biggest port but has also been ranked the seventh biggest European port in 2019. Due to its strategic location in the Saronic Gulf Piraeus is often referred to as China's "dragon head"[131], meaning its entrance gate into Europe and the European market. Therefore, China has great ambitions to expand the Greek harbor, making it the largest port in Europe and the central junction for trade between Asia and Europe.

As Tonchev explains, "[t]his ambitious project clearly aims to help promote Chinese commodities in southeast and central Europe, particularly after the expansion of the capacity of the Suez Canal in August 2015. Notably, Piraeus has now overtaken Suez as the biggest COSCO installation outside China in terms of the number of containers handled." Moreover, an upgraded transport corridor along the Balkan, from Piraeus to Budapest, would allow Chinese containers a much shorter and faster journey from Greece to central and western European countries. Compared to the travel time on the sea route from Piraeus to other western European ports, the land route over the Western Balkans would shorten the overall travel time by ten days.[132]

---

130 Guggenheim, "Go Big or Go Home."

131 Jason Horowitz and Liz Alderman, "Chastised by E.U., a Resentful Greece Embraces China's Cash and Interests," *New York Times*, August 26, 2017, https://www.nytimes.com/2017/08/26/world/europe/greece-china-piraeus-alexis-tsipras.html.

132 Tonchev, "China's Road: into the Western Balkans," 3.

Figure 8 Piraeus' strategic position for China's Maritime Silk Road[133]

China's involvement in the harbor of Piraeus began in 2008 when China Ocean Shipping Company (COSCO), a state-owned logistics company, signed a lease agreement with the Greek government to operate a container port. In 2016, COSCO bought 51% of Piraeus Port Authority (PPA), a port company previously run by the Greek state, for 368.5 million EUR. As per contract, COSCO will have to invest an additional 300 million EUR in the modernization and expansion of the harbor.[134] If this sum will be invested by 2022, the company will be able to additionally acquire 16% stake.[135]

Piraeus Port is flourishing under Chinese management. In fact, between 2008 and 2019 the amount of twenty-foot equivalent units (TEUs) that were shipped in the Greek harbor grew by 13 times, going from 433.583 TEUs in 2008 to 5.65 million TEUs in 2019. (As a reference, the port of Rotterdam, Europe's largest port, handled over 14 million TEUs – incoming and outgoing – in 2019.[136]) Further possible expansion plans of the harbor include a fourth container-terminal, which would allow to increase the number of TEUs to up to 10 million, making Piraeus the third biggest European port after Rotterdam and Hamburg. First, however,

[133] "Chinese owned Port of Piraeus in Greece becomes Med's top container port." PortandTerminal.com, May 20, 2020, https://www.portandterminal.com/chinese-owned-port-of-piraeus-in-greece-becomes-meds-top-container-port/.
[134] Gerd Höhler, "Warum der Hafen von Piräus für China das Tor nach Europa werden soll," Handelsblatt, October 21, 2018, https://www.handelsblatt.com/politik/international/der-kopf-des-drachen-warum-der-hafen-von-piraeus-fuer-china-das-tor-nach-europa-werden-soll/23210994.html?ticket=ST-83937-ctcqrLABW6GTrqFwQQn9-ap3.
[135] Guggenheim, "Go Big or Go Home."
[136] "Facts and Figures about the Port," Port of Rotterdam, last accessed October 3, 2020, https://www.portofrotterdam.com/en/our-port/facts-and-figures/facts-figures-about-the-port/throughput.

COSCO plans on exhausting the capacities of the three existing terminals, which could lead to the shipment of a maximum of 7.2 million TEUs.[137]

In 2019, the harbor of Piraeus, thus, became the top container-handling port in the Mediterranean, and an exceptionally good business for the Greek state. In fact, not only China's economy is benefiting from the strategic location of Piraeus port – considered as "the head of the dragon" – but also the Greek state and Greek companies are earning good profits. In 2019, Greece earned €5.4 million from COSCO, which was able to increase its turnover by 12% and its profits by even 27%. Greek companies, such as the construction group Tekal, are awarded contracts worth 100 million EUR, which are vitally important for the EU-member that has been suffering severely by the 2007/8 financial crisis.[138] In spite of the current Covid-19 pandemic and its consequences for international trade, COSCO and Piraeus Port Authority expect a continuing growth of the harbor's business for 2020 as well.[139]

From a different perspective, however, it becomes evident that COSCO is also taking advantage of Greece's record level of unemployment, exploiting Greek workers and resources. According to a *New York Times* article from August 2017, the Chinese company created around 1.000 new jobs in the Piraeus area whereby most workers got hired on short-term contracts, earning way less than unionized Greek dockers. Moreover, COSCO has used cranes and building materials from China for the expansion of the of cargo docks instead of using Greek supply, which would have benefited the Greek economy.[140]

The harbor of Piraeus is only one aspect of China's involvement in economically hit Greece. Since 2005 far eastern companies have invested a total of €7.5 billion in Greece. Moreover, China is also interested in investing in Greek energy supply, an endeavor supported by Greece's Premier Kyriakos Mitsotakis. Adding a political component to Greece-China relations, 15.369 Chinese have secured themselves a so-called "golden Visa", a visa entitled to foreigners who have invested a minimum of €250.000 in Greek real estate. Considering that Greece is part of the European Union, this visa represents an entry ticket for the whole Schengen area.[141]

---

[137] Christoph Sackmann, "Der ‚Kopf des Drachen' wächst: China macht Piräus zum Einfallstor nach Europa," Focus, May 26, 2020, https://www.focus.de/finanzen/boerse/konjunktur/vorbei-an-bremerhaven-der-kopf-des-drachen-waechst-china-macht-piraeus-zum-einfallstor-nach-europa_id_12028052.html.
[138] Ibid.
[139] PortandTerminal.com, "Chinese owned Port of Piraeus in Greece becomes Med's top container port.".
[140] Horowitz and Alderman, "Chastised by E.U."
[141] Sackmann, "Der ‚Kopf des Drachen' wächst."

4.2.2. Political ties between the PRC and Greece

Beijing and Athens started to strengthen their relationships during the 2008 financial crisis when the EU's strict austerity policy left debt-hit Greece feeling resentful and left behind. "When Germany treated Greece as the eurozone's delinquent," explain Horowitz and Alderman, "China designated a recovery-hungry Greece its 'most reliable friend' in Europe."[142]

Through investments in ailing infrastructure and Greek government bonds the PRC offered the kind of help that Greece needed in light of the massive financial crisis and the austerity measures imposed by the EU. In 2010, when creditors required the Greek government to drastically raise taxes and cut pensions, China invested in risky Greek government bonds, and three years later, as more and more creditor budget cuts were imposed on Greece, Chinese investors spent lavishly on Greek assets. From an economical and financial point of view, Greece's open and welcoming attitude towards Chinese investments, which still persists today, is, thus, not very surprising.[143]

While China-Greece relationships began growing during the years of the financial crisis, China's gateway to Europe further widened after the September 2015 Greek elections. Alexis Tsipras, the leader of the radical leftist Syriza party, was elected after having campaigned against the EU's strict austerity measures and the privatizations of Greek infrastructure, such as Piraeus port. At first, according to a *New York Times* article, China got worried regarding its investments in Piraeus, as it appeared that Premier Tsipras would neither acknowledge nor continue the commitments of the previous government to privatize Piraeus. After the Chinese press started questioning the Sino-Greek friendship and both the Chinese ambassador and premier reached out to Tsipras within a week of the elections, Tsipras responded by announcing that Greece intends to upgrade its relationship with China. Only weeks later, three Chinese frigates arrived in the harbor of Piraeus – a symbol of Greece's loyalty to China.[144]

Chinas investments in Greece did not only pay off economically but also politically. In Horowitz and Alderman's word, "[w]hile Europe was busy squeezing Greece, the Chinese swooped in with bucket-loads of investments that have begun to pay off, not only economically but also by apparently giving China a political foothold in Greece, and by extension, in Europe."[145] For example, as mentioned above, Greece's "golden visa" for Chinese people comes with a 5-year right of residence in Greece and, hence, in the whole Schengen area. As

[142] Horowitz and Alderman, "Chastised by E.U."
[143] Ibid.
[144] Ibid.
[145] Ibid.

expected, the EU criticized this move; Greece, however, pointed out that it depends on these financial means in order to pay off its loans.[146] Two further, delicate political moves followed in 2016 and 2017. In 2016, Greece made an effort to prevent the European Union from delivering a joint statement against China's aggressive actions in the South China Sea. One year later, in June 2017, Greece refused to grant consent to a statement on China's human rights violations, submitted by EU member states to the UN Human Rights Council. Shortly after, Athens also argued against stricter controls of Chinese investments in Europe. Although Greek officials emphasize that Beijing had never specifically requested Greece's support on such sensitive issues, "[m]any analysts have noted that Greece's human rights veto came as Premier Alexis Tsipras returned from a summit meeting in Beijing in May [2017], where he signed billions of euros' worth of new investment memorandums with Chinese companies"[147]. In view of Greece's veto votes for the benefit of China, it does not come as a surprise that the European Union is worried "that China is buying silence on human rights issues and undermining the bloc's ability to speak with one voice."[148]

Relationships between Greece and the PRC were further deepened in 2019, when – at the initiative of Greek Premier Alexis Tsipras – Greece joined the 17+1 network, a cooperation between China and 17 European countries in the framework of the BRI. By joining this network, which will be discussed in the following sub-chapter, Greece officially became part of the BRI. In November 2019, during an official visit by Chinese President Xi Jinping to Athens, Greece and China signed an extensive trade agreement covering 16 different trade areas, from agriculture over ports to energy. In the agricultural sector, the agreement includes the export of kiwi fruits to China and the trade of Greek saffron, which are supposed to help boost Greek local economies. In the energy sector, the trade deal involves China's interest in the construction of an underwater power supply line running from the mainland to the island of Crete, as well as a China's investment in the 50-megawatt Minos solar project in Crete.[149] Other areas affected by the trade agreement are the branches of two Chinese banks in Athens, the cooperation of Chinese and Greek universities and media, and the handing over of wanted persons.[150] Regarding the Piraeus port deal signed by Xi Jinping and Kyriakos Mitsotakis, Greece agreed to COSCO's €612 million plan for a new passenger terminal, a logistics zone

[146] Christiane Schlötzer, "Helfer mit Hintergedanken," *Süddeutsche Zeitung*, November 12, 2019, https://www.sueddeutsche.de/politik/griechenland-china-seidenstrasse-1.4678525.
[147] Horowitz and Alderman, "Chastised by E.U."
[148] Ibid.
[149] Paul Tugwell, „Greece, China Sign 16 Deals in Sectors Including Energy," *Bloomberg*, November 11, 2019, https://www.bloomberg.com/news/articles/2019-11-11/greece-china-sign-16-deals-in-sectors-including-energy.
[150] Schlötzer, "Helfer mit Hintergedanken."

and the extension of the cruise terminal. Furthermore, both sides signed a memorandum assuring to overcome any impediments to the expansion of the port.[151]

"[A]fter years of assiduous courtship and checkbook diplomacy," China has become a powerful player in the Southern EU-member state and continues to assume this role in view of current crises.[152] The Greek government considers China's investment in Piraeus as a win-win situation for both countries, and is, thus, dedicated to build on the cooperation with Beijing. Especially in light of the current Covid-19 pandemic Greece relies on Chinese investments, which are said to benefit both the local economy and society. During an online investment forum in June 2020, Adonis Georgiadis, Greece's Development and Investments Minister, said that "[i]n this global crisis of the novel coronavirus, we choose as our common response the further strengthening of Greek-Chinese relations and bilateral cooperation, especially in economy and investments. This is the safest way to overcome the crisis as quickly as possible."[153] At this point it should be noted that an EU-member who sees China's partnership and aid as the safest options to overcome a crisis does certainly not reflect well on the European Union.

4.3. China's lobbying strategy in Europe

As the PRC is becoming a more and more powerful global actor, it is increasingly adopting means of influence in Europe. The Belt and Road Initiative is at the top of the list of China's lobbying agenda and requires great diplomatic and lobbying skills to get the countries en route to sign partnership agreements with Beijing. Two significant aspects of China's lobbying strategy in Europe, that are used to create favorable conditions for China-friendly policies, are funding think tanks and academic institutions and entering alliances with individual European member states. With the intention of connecting Central and Eastern European countries, for example, China has launched a program called '17+1' or CEEC (China and Central and Eastern European Countries), which will be discussed in 4.3.1. When it comes to Chinese lobby associations, one should also mention *ChinaEU* as central business lobby association. Based in Brussels, *ChinaEU* promotes close cooperation in the field of information technology and, thereby, plays an important role for the so-called 'digital silk road'.[154]

---

[151] Tugewell, "Greece, China Sign 16 Deals."
[152] Horowitz & Alderman, "Chastised by E.U."
[153] David Glass, "Greece aims to build on Chinese cooperation in Piraeus port," *Seatrade Maritime News*, June 9, 2020, https://www.seatrade-maritime.com/ports-logistics/greece-aims-build-chinese-cooperation-piraeus-port.
[154] Corporate Europe Observatory, "Follow the New Silk Road."

4.3.1. The 17+1 Think Tank Network

The 17+1 network is a diplomatic initiative coordinated by the foreign ministry of the People's Republic of China. The format was launched in 2012 and brings together 17 European countries (12 Central and Eastern EU members and 5 candidate countries in the Western Balkans) while the '+1' stands for China (see Figure 9). The network can be described as "a top-down, state-driven, leader-to-leader network that negotiates project cooperation on a transactional basis ranging from transport infrastructure over educational initiatives to industrial park construction".[155] As of May 2019, eight annual CEEC-China summits have been held, every year in a different European country. The last country to join the network was Greece in 2019. It was also the only new member since the initiative was launched in 2012, originally labeled '16+1 Think Tank Network'. Critical voices state that "[a]lthough the grouping gives the outward impression of multilateralism, it is mainly a forum for China to strike bilateral deals"[156].

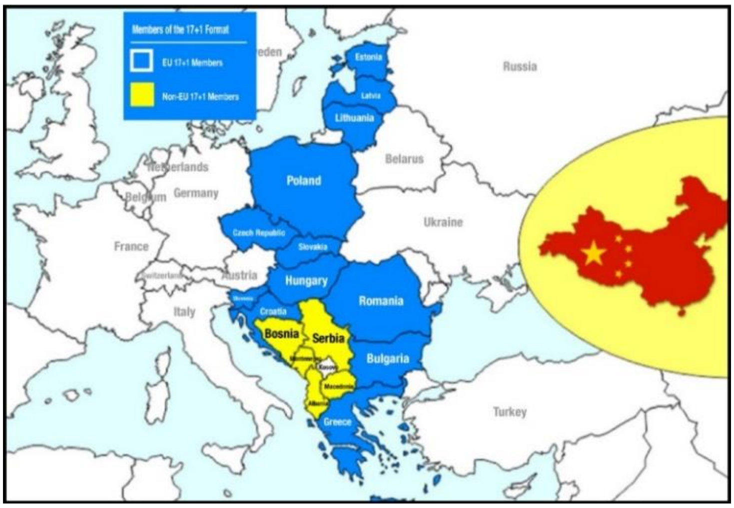

Figure 9 The member states of the '17+1' initiative[157]

[155] Jens Bastian, "China In Europe: Greece Joins The 17+1 Network," *The Corner*, April 22, 2019, https://thecorner.eu/news-the-world/world-economy/china-in-europe-greece-joins-the-171-network/79551/.
[156] Jonathan E. Hillman and Maesea McCalpin, "Will China's '16+1' Format Divide Europe?," CSIS Center for Strategic & International Studies, April 11, 2019, https://www.csis.org/analysis/will-chinas-161-format-divide-europe.
[157] EUCNC, last accessed October 3, 2020, https://www.eu-cnc.org/.

The CEEC network includes and coordinates partner think tanks, academic institutions, and cultural and academic events all over Europe. Some of the institutions that are coordinated by the Chinese Academy of Social Sciences (CASS) are, for example, the Polish Academy of Sciences, the New Silk Road Institute Prague, the Bulgarian Diplomatic Institute, and the University of Belgrade. Moreover, China has also established its very own first think tank in Europe, the Institute of European Studies at the Hungarian Academy of Sciences in Budapest.[158] The Institute of European Studies is entirely in Chinese hands and was inaugurated on April 24, 2017. According to the CASS president Wang, "growing cooperation between China and CEE countries in all fields requires think tanks and academic institutions to broaden and further studies and exchanges on new situations and issues".[159] The institute is part of Xi Jinping's going-out strategy in Europe, through which the Chinese head of state tries to expand the cooperation and academic exchange between China and CEE countries by discussing common challenges and possible solutions, primarily in the framework of the BRI.

Although the 17+1 initiative was launched two years before the official start of China's BRI, it is often considered as an extension of it. The cooperation between China and the 17 European member countries focuses on the three main areas infrastructure, advanced technologies, and green technologies, but also expands to several other sectors. As of April 2019, following an analysis by the CSIS Reconnecting Asia Project, Chinas has invested around $15.4 billion in multiple areas such as energy, transport, ICT, manufacturing, real estate, and mergers and acquisitions. Moreover, the same analysis has shown that Chinese deals focus by far more on the five non-EU member states of the 17+1 group which have received 70% of announced deals between 2012 and 2019. Regarding sectoral distribution, Chinese energy and power projects focus more on non-EU countries while Smart city and ICT deals focus more on EU countries.[160]

China's ambitions in the CEE countries are different than those in the more economically advanced Western EU-countries such as Germany and France, where China is mainly interested in research, innovation, and know-how. Besides the fact that especially Southeastern Europe can act as important transport route for the BRI, China also benefits on other levels from infrastructure projects in the region, i.e. by securing new deals for Chinese construction companies and creating jobs for Chinese laborers. While Beijing's active presence

[158] Corporate Europe Observatory, "Follow the New Silk Road."
[159] "The Foundation of China – Central Eastern European Institute in Budapest – China's first overseas think tank opens in Europe," Sino-European Foundation of Chinese Culture and Education, May 19, 2017, http://sefcce.org/en/the-foundation-of-china-central-eastern-european-institute-in-budapest/.
[160] Hillman and McCalpin, "Will China's '16+1' Format Divide Europe?"

in Central and Eastern Europe might be worrisome for Brussels, the governments of the 17+1 members have been welcoming this undertaking, "as China pumps much-needed capital into national and regional economic development efforts".[161] In fact, as discussed in 4.1. and 4.2., the PRC invests in a wide range of infrastructure development projects, from roads and railways over ports to power plants. One of the PRC's master projects in the region is the modernization of the Belgrade-Budapest railway route, the ultimate goal of which is to build a transportation corridor between the Greek harbor of Piraeus and Western Europe (see 4.1.1.).

The PRC uses its economic power and investments in the CEE countries also to gain political influence in Europe. As discussed before, countries such as Serbia and Greece have already proven their loyalty to China in the past regarding international disputes such as the South Chinese Sea conflict or human rights violations. Hungary, where Chinese direct investments are especially high, has also returned the favor to the PRC several times, for example by not signing EU statements regarding Chinese activities in the South Chinese Sea and China's violation of human rights.[162]

Since the 2018 annual summit in Sofia, however, circumstances in the CEE landscape, meaning the countries' relative positions, have changed. As some major EU institutions have expressed growing doubts regarding the cooperation with the PRC, labeling it a "systemic rival" of the EU, certain CEE countries, that are not only EU members but also close allies of the United States, have begun to slightly – or completely – distance themselves from the 17+1 network. Poland, the Czech Republic, the Baltics, and Romania play a leading role in this strategic shift while Hungary and the Balkan countries have rather increasingly approached China. Both economic and strategic-political aspects play along in this changing situation. As for the economic factors, the lack of Chinese greenfield and infrastructural foreign direct investment in Europe lead some Central and Eastern European countries – who also suffer from declining trade balance – to either leave or pause some common projects with Beijing. By doing so, these countries were hoping to derive more benefits from accessible EU funds, which bear lower risks than Chinese loans. On a political level, on the other hand, some CEE countries that are U.S. allies and heavily depend on the U.S. in terms of security policy were influenced by Mike Pompeo's warnings regarding close alliances with the PRC as well as its growing influence in Europe, during his 2019 Central European tour. Using Ciurtin's words, "[t]he 16+1 format appeared to be stuck in institutional and economic limbo, until China decided to give it

[161] Tonchev, "China's Road," 2.
[162] Philipp Fritz, "Chinas „17 plus 1"-Angriff auf Europa," *Welt*, August 16, 2019, https://www.welt.de/print/welt_kompakt/print_politik/article198624433/Chinas-17-plus-1-Angriff-auf-Europa.html.

a strategic push in early 2019".[163] In fact, April 2019 marked Greece's joining of the now-called '17+1' network. After Greek's premier Tsipras applied to join the initiative in 2018 and after a one-on-one negation between the governments of Greece and China, the EU member state was gladly accepted into the network. The fact that Beijing did not actually consult with the governments of the other 16 CEE on this matter, and, thus, Greece's acceptance happened without any proper explanation or clear plan for further admissions into the China-CEE network, lead to new concerns regarding the transparency of "the quasi-institutional mechanisms of the initiative".[164]

In order to understand Greece's strategic decision to join the 17+1 network, three developments or achievements need to be taken into consideration. Although these developments are not directly related to Sino-Greek relations or the 17+1 network, they represent some sort of political reassurance for Greek's reliability. First, after the third macro-economic adjustment program in August 2018, Tsipras' government could reclaim part of its political influence and autonomy of decision-making both on a national and a European level. Second, the strengthening of US-Greek relationships since mid-2015 – not only in the fields of security and defense policy but also energy cooperation – was considered "an impressive policy U-turn by the Tsipras government"[165] and has allowed Greece to acquire a higher international reputation. The third Greek achievement refers to the treaty of Prespa, also known as the Prespes agreement, in June 2018 when the governments of Greece and North Macedonia could finally settle a 27-year-long dispute over the name of the Republic of Macedonia. This event, probably more than those previously mentioned, allowed Greece to win great recognition and respect especially on a European level. "In practice", explains Bastian, "the new respectability of the political authorities in Athens gave them enough flexibility to move forward with its membership application for the 17+1 network".[166] Interestingly enough, however, the lack of public criticism on the side of the EU regarding Greece's accession to the 17+1 initiative is highly inconsistent with the reaction of the European Commission and individual EU governments regarding Italy's decision to sign an agreement with China on the BRI – an aspect which will be discussed in 4.3.2.[167]

[163] Horia Ciurtin, „The "16+1" Becomes the "17+1": Greece Joins China's Dwindling Cooperation Framework in Central and Eastern Europe," China Brief 19 (10), May 29, 2019, https://jamestown.org/program/the-161-becomes-the-171-greece-joins-chinas-dwindling-cooperation-framework-in-central-and-eastern-europe/.
[164] Ciurtin, „The '16+1' Becomes the '17+1'."
[165] Bastian, "China In Europe: Greece Joins The 17+1 Network."
[166] Ibid.
[167] Ibid.

For China's part, Greece's integration into the network has symbolic and political reasons. By welcoming a new member, China wanted to create new dynamism and give a push to the initiative, which had recently suffered a setback due to the increasing doubts or unwillingness of some countries such as Poland, the Czech Republic, and Romania to cooperate with China. As a submissive partner, who had previously taken China's side in international disputes, Greece was the ideal choice for China. From Beijing's point of view, Greece's integration into the network serves "as an example as to how China's multilateral initiative is both attractive, and breaks the confined cultural-historical limits of the CEE cooperation format". In fact, Greece stands out from the other 17+1 members, since it is "neither a post-Communist state, nor a new or prospective member of the European Union—but rather, a consolidated capitalist democracy whose economic relations with China gained steam in the last decade".[168]

4.3.2. The EU's stance and other bilateral agreements

The 17+1 format, which is all about "building foreign support for the Belt and Road Initiative" has repeatedly been criticized by the European Union "as a kind of 'divide and rule' diplomacy by China in Europe".[169] Not all EU members who have entered bilateral agreements with China to become official members of the BRI are part of the 17+1 group, however, many sources consider China's initiative still an alarming development for the European Union.

As a result of the EU's growing concern that China's initiative could further weaken the EU's unified stance regarding policies towards China, the EC issued a Joint Communication in June 2016 demanding that all bilateral agreements between a EU country and Beijing have to be discussed with and overseen by Brussels to ensure that "EU Member States' engagement with China […] comply with EU laws, rules and policies".[170] Moreover, the EC's Joint Communication states that "Member States should reinforce agreed EU positions in their bilateral relations with China, while the Commission and EEAS should ensure that Member States are made aware when EU interests need to be safeguarded".[171] Since 2017, the European Commission has an observer status in the 17+1 network, which allows it to oversee

[168] Ciurtin, „The '16+1' Becomes the '17+1'."
[169] Corporate Europe Observatory, 10.
[170] European Commission, "Joint Communication to the European Parliament and the Council: Elements for a new EU strategy on China," June 22, 2016: 5, https://eeas.europa.eu/sites/eeas/files/joint_communication_to_the_european_parliament_and_the_council_-_elements_for_a_new_eu_strategy_on_china.pdf.
[171] Ibid, 18.

considerations and discussions of EU members inside the grouping. In December 2018, the European Parliament confirmed the Commission's stance in a resolution on the state of EU-China relations, calling "on those Member States participating in the 16+1 format […] to ensure that their participation in this format enables the EU to have one voice in its relationship with China".[172]

While China's 17+1 initiative clearly raises concerns within the European Institutions – as shown by the above-mentioned documents – others emphasize the EU's joint responsibility for certain countries to join the network or other types of agreements with China. Even though making alliances with single EU and non-EU member states is a common part of China's lobbying strategy in Europe, "[p]articularly interesting in this context is the way the EU's own austerity agenda and budget restrictions have helped to push the governments of both Greece and Italy into closer relationships with China, through debt agreements and selling off of key infrastructure".[173]

As shown by the example of Italy, bilateral agreements between Beijing and European governments are not limited to CEE countries. In March 2019, Italy signed a Memorandum of Understanding with China, thus, becoming the first G7 nation to officially join the BRI. Due to Italy's strategically relevant location for the maritime route of the BRI, various Italian lobbyists are in the front line of China's influencing strategies in the EU.[174] Italy has various good reasons to cultivate its friendship with China, especially since COSCO's 2016 purchase of Piraeus port, which has turned the Mediterranean into a central trading hub for China. If Italy stayed out of the BRI it would risk missing trade opportunities with China – especially once the harbor of Piraeus will be connected to Central Europe through a rail route. Since Italian ports are already connected to Central Europe, they are of great interest to trade arriving from China. As one of the most indebted countries in the EU, however, Italy's partaking in the BRI does not come without any risks. "Yet," explains Federiga Bindi, "as Italy still suffers from the 2008 global financial crisis, feels betrayed by the United States because of the Libya disaster, and contends with being abandoned by Europe over the immigration and economic crises, Rome's priority is to spur domestic economic growth".[175] According to Bindi, Italy's joining of the BRI has in some ways also been induced by its Western partners as "it was Trump's dismissal of both the

---

[172] European Parliament, September 12, 2018, https://oeil.secure.europarl.europa.eu/oeil/popups/summary.do?id=1552113&t=d&l=en.
[173] Corporate Europe Observatory, "Follow the New Silk Road," 4.
[174] Ibid, 3-4.
[175] Federiga Bindi, "Why Did Italy Embrace the Belt and Road Initiative?," Carnegie, May 20, 2019, https://carnegieendowment.org/2019/05/20/why-did-italy-embrace-belt-and-road-initiative-pub-79149.

Trans-Pacific Partnership and the Transatlantic Trade and Investment Partnership that made the BRI so attractive to Rome in the first place".[176]

Romeo Orlandi, Vice President of the Italy-ASEAN Association, further explains that besides economic reasons, the Italian government also has political motives for signing a MoU with Beijing. These motives are related to the anti-establishment sentiments in the two leading Italian parties, especially in the Five Star Movement (M5S). The current Italian government tries to position itself towards Brussel's policy and, according to Oralndi, the cooperation with China thereby helps to "exercise some propaganda with the hope of gaining electoral votes".[177]

While China can expect to benefit from its bilateral agreements with Rome and Athens on both an economic and institutional level by expanding its political footprint in Europe and the EU, it is not clear whether and in how far the governments of Italy and Greece will profit from bilateral agreements with Beijing. The latter can bear considerable uncertainties related to Chinese symbolic and political interests and might not lead to the expected economic outcomes for the target countries.[178] What is certain, however, is that partnerships with China such as the 17+1 network should not be considered as "empty shells" that lack substance. To conclude this chapter, Karásková's words on the 17+1 cooperation shall be cited as they shed light on the multilayered nature of the network:

> The 17+1 is neither a multilateral forum, nor a bilateral one. It is an exercise of "multilateral bilateralism," resembling the hub and spoke system of relations, with China acting as a hub in the middle. The spokes, i.e. the Central and Eastern European countries, exhibit — to their detriment — limited if any cooperation among themselves. […] [T]he 17+1 is not only a political platform, it breaches politics and enters into the domains of economics, youth cooperation, academic exchanges, and sport, health, and media cooperation. Only when the whole picture is analyzed does the progress and direction of the 17+1 become evident.[179]

[176] Bindi, "Why Did Italy Embrace the Belt and Road Initiative?"
[177] Mercy A. Kuo, "China-Italy Relations: The BRI Effect," The Diplomat, April 24, 2019, https://thediplomat.com/2019/04/china-italy-relations-the-bri-effect/.
[178] Bastian, „China In Europe: Greece Joins The 17+1 Network."
[179] Ivana Karásková, "Engaging China in 17+1: Time for the ACT Strategy," *The Diplomat*, April 7, 2020, https://thediplomat.com/2020/04/engaging-china-in-171-time-for-the-act-strategy/.

5. The role of the EU

5.1. How China's BRI affects the Western Balkan-EU integration

The Western Balkan region has been characterized for a long time by a very instable political situation, shaped to great extent by the countries' efforts to join the EU. As discussed in 4.1., however, the six states are currently at quite different stages of their EU accession process. Considering that political conflicts are to be found on both an inner-state (e.g. in Bosnia and Herzegovina) and inter-state level (e.g. between Serbia and Kosovo), it should be expected that no sustainable change will occur the foreseeable future. While the European Union tries to take on the role of the mediator in the region, it has not proven to be very successful as such. Brussel is sometimes viewed as an undesirable meddling in the region, or, in other cases, like the one regarding the Republika Srpska, Brussel's role is being instrumentalized for internal political reasons. Besides political issues, the Western Balkans will also be facing demographic challenges in the future. The region is affected by major flows of emigration especially regarding young people, which is very likely to further harm the economic situation. As the Balkan countries do not pursue their own substantial development strategies, their economic situation is almost exclusively determined by external factors, especially by the dynamics of the EU countries. The governments of the WB6 states are well aware of the EU's scepsis towards a new enlargement round and, therefore, try to tighten their partnerships with other superpowers such as China and Russia. The countries' attitudes towards China are, however, quite ambivalent. Serbia, traditionally one of Russia's closest partners, tries to adhere to its close relations with Russia despite its accession negotiations with Brussels, and the same applies to the Republika Srpska, the Serbian dominated region in Bosnia and Herzegovina. As for the governments of the other Western Balkan countries, there is a much stronger orientation towards the United States and the EU.[180]

This complex, politically instable situation in the Southeastern European region is a fertile ground for China's investment politics, through which Beijing tries to gain economic and political influence. Thanks to its investments in various EU countries China has successfully become an important political player in the EU. The strong cooperation with the Western Balkan region will reinforce China's influence in Europe even more once these countries will be part of the EU. China's involvement in the region, however, is seen very skeptically and critically by Brussels, which again raises the question whether China's influence in the Western

[180] Ćetković, "Der Einfluss Chinas auf dem Westbalkan," 89-90.

Balkans represents an obstacle in the accession process. In fact, Beijing's approach in the region does not align with the EU's expectations in various ways. The EU's sustainable environmental policy does not support the expansion of coal plants, an area in which China is investing heavily (see 4.1.) Moreover, Chinese loans bear a high risk for the regional governments to run into high debt, which again would negatively affect the EU accession. On the other hand, there are infrastructure investments that the EU can benefit from as well, such as the expansion and modernization of highways and railways. To sum up, the main concern is whether China's involvement in the Western Balkans – regarding infrastructure projects and the thereto related expansion of Chinese companies and banks – has negative consequences on the Western Balkan-EU integration.[181]

According to Austin Doehler, China's interest in the Western Balkans is clearly not beneficial to the accession prospects of the WB6 countries. In fact, the points he raises are not only harmful to the countries' EU accession prospects, but also to their economies in general. He states three main reasons explaining how "China's BRI is detrimental to this process".[182] First, China is adopting a tool called "dept trap diplomacy", through which it traps economically underdeveloped countries into borrowing money for big infrastructure projects although their fragile economic situations will most likely not allow them to pay it back. As a consequence, "these countries then become economically dependent on China, which makes them vulnerable to Chinese political influence as well", explains Doehler.[183] Second, China is investing in the construction and modernization of coal-fired power plants, and thereby drastically lowering environmental standards in the Western Balkan countries. In fact, the EU is planning on strongly increasing the use of renewable energies; more specifically, half of Europe should be powered by renewable energies by 2030. This means that, from an EU perspective, no new coal power plants should be built anymore. Although the WB6 countries have signed the Energy Community Treaty, which "provides for the creation of an integrated energy market (electricity and gas) between the EU and the contracting parties"[184], and includes a gradual detachment from fossil fuels, there are numerous projects involving Western Balkan countries working with Chinese companies on the construction of coal power plants. One example is the coal power unit Tuzla B in Bosnia and Herzegovina (see 4.1.2.). While China does not force these countries to sign contracts for environmentally questionable projects and, therefore, "cannot be held

[181] Ćetković, "Der Einfluss Chinas auf dem Westbalkan," 89-90.
[182] Doehler, "How China Challenges the EU."
[183] Ibid.
[184] "The Energy Community Treaty", EUR-Lex, last modified September 22, 2014, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=LEGISSUM%3Al27074.

responsible for the fact that some Western Balkan nations do not wish to live up to their environmental commitments to the EU, the BRI nevertheless undermines the EU in the region by offering an alternative developmental path for political leaders who value short-term political gain over their country's long-term prosperity".[185] The third aspect that negatively affects the Western Balkan-EU integration is the way that Chinese investments bolster public corruption throughout the region, which generally speaking "is one of the greatest obstacles to the EU aspirations of the Western Balkans".[186] The lack of transparency in BRI-related tender processes is the biggest issue in this regard, as the notable example of the construction of two highways in North Macedonia by Sinohydro, a Chinese state owned firm, has shown. As it turned out in 2015, Sinohydro was awarded the contract partly due to its willingness to pay a bribe of around €25 million to the North Macedonian government, even though the Chinese firm had already previously been excluded by the World Bank and the African Development Bank due to public corruption scandals. This example shows once again that the region must implement serious reforms if it aspires a European future.[187]

When it comes to the question how the EU should respond to China's involvement in the Western Balkans, many scholar seem to agree that it is the EU's task to "provide a clear path to membership to the western Balkan countries to offset the growth of China's political influence".[188] As the integration of the Western Balkans is of strategic relevance to the future of the EU, ceding the region to China would not be in the EU's own interest, in the same way as shutting China out as a reaction to its expanding influence would not be either. As long as the region's rocky relationship with the EU will continue to exist, the Western Balkans will be an easy target for Chinese influence and power games. The Western Balkans and especially Serbia have always seen Beijing as some sort of knight in shining armor that provides financial and economic help while the EU is busy imposing demands on countries which still do not live up to EU standards. The fact is, however, that although Serbia has made China a central pillar of its foreign policy in 2009 and keeps praising its steel friendship with Beijing, the economic impact of Chinese activities in Serbia remains rather small. Indeed, "Serbians tend to overestimate China's economic presence", which becomes clear when looking at FDI numbers.[189] Even though Serbia is the greatest receiver of Chinese investment in the Western

[185] Doehler, "How China Challenges the EU."
[186] Ibid.
[187] Ibid.
[188] Karásková, "Engaging China in 17+1."
[189] Jacob Mardell, "Belgrade briefings on bossy Brussels and benevolent Beijing," *MERICS*, May 20, 2019, https://merics.org/de/analyse/belgrade-briefings-bossy-brussels-and-benevolent-beijing.

Balkan region, China's FDI numbers are by far overshadowed by the EU's direct investments of 80% in the country. In 2017, Serbia's exports to the Netherlands were over three times higher than those to China. As Mardell explains, "[t]he point is not so much that Beijing is vying with Brussels for influence in the Balkans, as that dissatisfaction with Brussels has boosted the appeal of politically neutral - and largely paltry - offerings from Beijing".[190] Different than Brussels, Beijing does not see it as its responsibility to socially and economically restructure the Western Balkan region, but only wants to bolster development and do business.[191] Dissatisfaction and frustration with Brussels are major issues that need to be addressed by the EU, and the first step is to give these countries a clear path to EU integration. "Without clear prospects of EU membership," explains Zeneli, "the Western Balkan countries could very well shy away from the costly normative alignment with the EU and the pain of good governance reforms".[192]

5.2. The EU's respond to the BRI and possible strategies

While China's political and economic presence in Europe and the EU seems to be a threatening component in regard to European integration, the BRI does not only represent challenges but also opportunities for the EU. In fact, as von Hauff argues, China's global initiative "represents a chance for the EU to reflect not only on how to strengthen (and develop) the EU's liberal political culture in today's multipolar world, but also on how to engage and include the new or structurally weaker member states in this endeavour".[193] In other words, China's involvement in Europe pressures the EU to recognize the changing power dynamics at an international level and to adapt itself to them.

Although it is often argued that China's growing presence in the Western Balkans and in other European countries is to be blamed on "a power vacuum that the EU itself created"[194], it is not too late for Brussels to take steps into the right direction in order to achieve the goal of a strong, unified European Union. When it comes to the EU's response to the BRI, thus, a unified European position is an essential prerequisite for successful future China-EU relations. As mentioned before, despite the EU's growing skepticism towards China's intentions, the BRI

[190] Mardell, "Belgrade briefings on bossy Brussels."
[191] Ibid.
[192] Zeneli, "China in the Balkans."
[193] von Hauff, "China's Silk Road Initiative," 28.
[194] Ibid.

could have an immensely positive impact on the EU. This, however, can only be the case "as long as it adheres to EU market rules as well as to international requirements and standards, and also complements EU policies and projects".[195] For this reason, the EU's approach towards the BRI has always been based on engagement and dialogue. In 2015, Brussels and Beijing signed a Memorandum of Understanding on the EU-China Connectivity Platform, which serves to promote business cooperation and, more precisely, "to enhance synergies between China's 'One Belt One Road' initiative and the EU's connectivity initiatives such as the Trans-European Transport Network policy".[196]

Over the years, however, the EU's approach towards China has shifted due to growing challenges in different policy areas, especially regarding rising trade tensions. In fact, in a Joint Communication of the European Commission and the High Representative in March 2019, the EU referred to China as "a systemic rival promoting alternative models of governance".[197] From the EU's standpoint, China's increasing presence in Europe and the world „requires a flexible and pragmatic whole-of-EU approach enabling a principled defence of interests and values".[198] The EU, thus, seems to acknowledge that the member countries' divided stances regarding individual partnerships with China is a key problem that needs to be urgently addressed so that European values and interests can be protected. Similarly, the Western Balkans continue to be a region of key interest to the EU which is why China's intense involvement there must be held – or rather brought – under control by achieving strict adherence to EU standards, norms, and values. In the context of bilateral deals with China, the EU has clearly adopted a more assertive stance in order to promote unity and consistency with EU law:

> Neither the EU nor any of its Member States can effectively achieve their aims with China without **full unity**. In cooperating with China, **all Member States, individually and within sub-regional cooperation frameworks**, such as the 16+1 format, have a responsibility to ensure consistency with EU law, rules and policies.[199]

The idea of unity and committing to shared interests is also taken up by Karásková, who argues that it is certainly possible for a country to cooperate with China while promoting its own

[195] Erik Brattberg and Etienne Soula, „Europe's Emerging Approach to China's Belt and Road Initiative," *Carnegie*, October 19, 2018, https://carnegieendowment.org/2018/10/19/europe-s-emerging-approach-to-china-s-belt-and-road-initiative-pub-77536.
[196] European Commission, "Investment Plan for Europe goes global: China announces its contribution to #investEU," September 28, 2015, https://ec.europa.eu/commission/presscorner/detail/en/IP_15_5723.
[197] "Joint Communication of the European Commission and the High Representative," European Commission, March 12, 2019: 1, https://ec.europa.eu/commission/sites/beta-political/files/communication-eu-china-a-strategic-outlook.pdf.
[198] Ibid, 1.
[199] European Commission, "Joint Communication of the European Commission and the High Representative," 2.

interests. Referring to the 17+1 initiative, she proposes the ACT strategy, a three-part (adapt > counter > target) strategy that provides a framework for how Central and Eastern European countries should respond to China's presence in the region. The first step involves acceptance of and adaptation to China's involvement in Central and Eastern Europe, which, according to Karásková, "may in fact be the hardest component and the most difficult to pull off correctly".[200] While adapting does certainly not imply surrendering or submitting oneself to Beijing's politics and interests, it simply means accepting the fact that China is and will stay a major, influential force in the region. In order to meet the challenges posed by China's presence in Europe through suitable strategies, it is necessary to evaluate the actual and hidden range of China's existence and, consequently, to outline possible risks involved. Only then will it be possible to counter China's economic and political influence with suitable policies. Although the 17+1 network was initiated out of China's ambition to become more influential in the region, its members can use the platform "for countering, limiting, or even curbing China's heft".[201] The central point is that countries are stronger when they work together. This means that if CEE countries unitedly present their interests to their Chinese partner, the latter are more likely – even if unwillingly – to acknowledge the multilateral position and demands rather than jeopardizing their sphere of influence. China should, thus, not be seen as an insurmountable threat, but rather as equal partner that every country can negotiate their interests with as Karásková points out:

> The current debate seems transfixed by the image of China as an omnipotent, ever-present and inescapable threat. China is – and will remain – far from it. Even small states, especially those safely separated from the immediate effects of China's economic, political, and military might, can succeed in promoting their own interests in their dealings with Beijing. The ACT strategy provides a general outline for achieving this objective.[202]

These interests or demands could refer to restricting the use of unfair trade practices by Chinese technological firms, or to improving the cooperation in the field of Chinese investments and market access for products from CEE states. "While the actions of EU member states need to be in line with the agreed position on China within the EU, the CEE EU member states can utilize the 17+1 to achieve a better standing in negotiations not only vis-à-vis China, but also

[200] Karásková, "Engaging China in 17+1."
[201] Ibid.
[202] Ibid.

within the EU".[203] Although the strategy proposed by Karásková is modeled on the realities of the 17+1 initiative, it can also be transferred to the European Union, in the sense that the EU needs to face China with a unified position in order to promote and achieve its own interests.

As mentioned at the beginning of this chapter, China's BRI pushes the EU to adapt itself to the changing power dynamics worldwide and to Beijing's economic and political presence in Europe. The EU's liberal political identity and culture is not something that should be taken for granted anymore which "is why Brussels would be well-advised to pay attention to, and engage its periphery in order to save the cohesion of the Union as a whole".[204] Engaging the periphery can happen in various forms and, moreover, it is not the only move that the EU can make in response to China's growing power. When it comes to concrete steps that the EU should implement in order to respond to and benefit from China's BRI, von Hauff offers the following six recommendations for action:

First, "[t]he EU should remain open to Chinese FDI in a smart way", meaning that Chinese FDI must be consistent with EU legislation, especially in the areas of public procurement and loan lending.[205] Moreover, a transparent screening system for investments that come from countries outside the EU needs to be developed. An essential aspect in this regard is "the adoption of the investment screening mechanism – legislation to create an EU-wide coordination instrument to screen foreign direct investment on the grounds of security or public order".[206] Second, the EU should further advocate initiatives that boost infrastructure development projects in Europe's peripheral regions and countries. Examples of such initiatives from the past are the EU-China Connectivity Platform and the European Commission's Connectivity Agenda for the Western Balkans. Third, the EU should vigorously stress the importance of EU investments and funds that go to the CEE countries and Greece as these clearly surpass China's financial aid both in terms of amount, conditions, and reliability. Although Chinese loans seem attractive at first, they bear considerable risks for the economic stability of the receiving country. Using Zeneli's word, "[l]ittle wonder people look towards the Chinese with favor. After all, getting a loan now always sounds good, as the pain only materializes later".[207] For this reason, CEE states need to be made aware that EU funds have been essential in the modernization process of their economies and will continue to be reliable resources in the future. Fourth, the EU should ask all EU member states, regardless of their

[203] Karásková, "Engaging China in 17+1."
[204] von Hauff, "China's Silk Road Initiative," 29.
[205] Ibid, 42.
[206] Ibid.
[207] Zeneli, "China in the Balkans."

relation to China and the BRI, for clear affirmation regarding the EU's liberal political culture. The fifth point raised by von Hauff is particularly relevant as it is directly linked to the complex socio-political and historical background of Europe's post-socialist nations, hence, CEE countries. As she explains, "[u]p until recently, the post-socialist nations' democratic transition has been quite linear, largely meeting the expectations on the part of norm-setting EU institutions and core states. However, because a political transition is also a process of identity building, it involves (and requires) a constant interaction with the past. Therefore, a certain contemplation with, or even temporary regress into old patterns may occur along the way. When (necessarily) addressing such regresses, EU institutions and member states should keep in mind that China's development model fundamentally relies on "giving face" to those that feel treated disrespectfully".[208] This means that it is crucial that the EU is understanding and receptive of CEE countries' political legacies as well as Greece's lookout for normative alternatives caused by its suffering of the financial crisis. The sixth and last recommendation is one that has already been mentioned several times throughout this chapter, and that is the EU's need to adopt a unified stance, a common language, on the international stage and, especially, towards China. All EU members need to understand why they can benefit both economically and politically from an undivided and strong union. "If there is no 'periphery' and no 'core' to divide, Beijing, with or without the framework of the BRI, is likely to play a constructive, beneficial role, engaging Europe as a fellow global player within this century's emerging multipolar order".[209] One of the EU's main challenges at the moment, thus, is breaking through the wall, or rather closing the gap between the union's 'core' and 'peripheral' countries.

While some argue that the EU has not yet found its role in the BRI[210], it is clear that active steps towards a unified EU need to be taken continuously. The above mentioned recommendations, some of which Brussels is already adopting, seem to be a good guide towards this goal and might lead to a beneficial economic and political outcome for all parties involved.

---

[208] von Hauff, "China's Silk Road Initiative," 43.
[209] Ibid.
[210] Dirk Kaufmann, "China's neue Seidenstraße ohne Europa?," Deutsche Welle, January 16, 2020, https://www.dw.com/de/chinas-neue-seidenstra%C3%9Fe-ohne-europa/a-52030207.

6. Conclusion

The goal of this final chapter is to summarize the main aspects and finding of this paper by attempting to answer the research questions introduced at the beginning of the thesis.

The first research question asked about the BRI's place in the framework of hard and soft power. With the end of the Cold War, the use of hard power for pursuing national interests abroad has been increasingly criticized and declined. In the 1990s, the use of military power on foreign soil has been less and less accepted in international politics, whereas other hard power elements such as technology, education, and economic growth have gained importance.[211] In fact, these three factors play an essential role in China's BRI as well as Europe.

While China's BRI cannot be defined as a typical form of hard power, it is more than a mere soft power strategy. Since the beginning of the New Silk Road project in 2013, foreign diplomacy tools have played an important role in creating the attractive narrative of a new Silk Road that connects Asia with Europe – recalling its historic roots in the ancient Silk Road. Public diplomacy, we recall, is a central instrument that governments use to connect with, inform, and attract other countries. It seeks to draw attention to the resources that produce soft power, which are culture, political values, and foreign policies.[212] One could argue that China's "One Belt, One Road" project started out as soft power strategy since it was used as a branding strategy for the flood of investments and infrastructure projects that China planned on conducting in Asia and other parts of the world. In other words, "the "One Belt, One Road" initiative became an umbrella for all Chinese investments outside the country and the perfect vehicle to propagate China's soft power strategy."[213] Indeed, China has been very successful in making the New Silk Road narrative so attractive that dozens of countries have joined the initiative. What sets China apart from other great powers, such as the U.S., is the fact that "China improved this strategy, combining under the same rhetoric both soft power and hard power (in the form of investments and free trade agreements) strategies, with the ultimate goal of expanding China's role on the world stage."[214] In other words, first China used the soft power practices of attraction, persuasion, and appeal to attract international partners, until it expanded its strategy by adding hard power strategies such as financial and economic inducement and payment. According to Nye's definition, economic and technological strength are, indeed, main

---

[211] Nye, "Soft power," 154.
[212] Nye, "Public Diplomacy," 95.
[213] Andreea Brînză, "China: from panda diplomacy to New Silk Road smart power," RISAP, September 30, 2016, http://risap.ro/en/china-panda-diplomacy-new-silk-road-smart-power/.
[214] Brînză, "China: from panda diplomacy."

sources of hard power. As discussed in chapter 4, China is adopting both strategies to gain power in EU and non-EU European countries – may it be through investments in or loan lending for infrastructure. Regarding technological strength, the development of the 5G network by Huawei in Serbia as well as Chinese Smart city and ICT deals in certain European countries have been briefly mentioned in 4.1.1. and 4.3.1.

The same way as scholars such as Li and Makarychev argue that there is no clear-cut distinction between soft and hard power like in Nye's theoretical framework, one can thus also argue that China's BRI cannot be clearly and uniquely assigned to one of the two forms of power. According to Li, the "soft use of power" approach best allows to describe the nature of soft power. If coercion can be achieved through cultural values and ideologies, and attraction can be attained by using military and economic strength, soft power can better be understood by *how* resources are used instead of *what* resources are used.[215] In fact, when Li argues that hard power is not always linked to threat, coercion, and inducement, but that its use can also lead to attraction and amity (see 2.3.) one might think of Sino-Serbian relations as discussed in 4.1.1. and 4.3.1. By exercising economic power in Serbia (through loans and investments), China has actually acquired amity and praise. The Sino-Serbian friendship has thrived since China's economic involvement in the country started and the same goes for Greece. Since China's investment in the harbor of Piraeus, Sino-Greek relations have deepened, and they continue to do so as shown by Greece's eagerness to join the 17+1 network in 2019 (see 4.2.2).

To sum up, Brînză defines the BRI as follows:

> The BRI is not a route, but a smart power strategy (a combination between cultural power and economic power) which aims to wrap the entire world, not only Eurasia and Africa, and which has become the leitmotif of China's foreign policy. The BRI combines hard power elements, like economic investments, with a soft power strategy, like promoting Chinese culture or improving China's image, to create an international label for Chinese foreign policy.[216]

The second research question asked about the consequences of China's bilateral agreements on European Integration, especially in the context of the 17+1 format. Relevant aspects to this question have come up in several parts of this paper, and especially in chapters 4.3. and 5.1. From an economic perspective, Chinese involvement in EU and non-EU European countries can be beneficial for the European Union – particularly in terms of better infrastructure connection – provided that countries do not risk their economic stability by signing deals with China. As stated in the EC's Joint Communication from March 2019, "Chinese investments have contributed to the growth of many receiving economies. At the same time, these

[215] Li, *Soft power*, 6.
[216] Brînză, "Redefining the Belt and Road Initiative."

investments frequently neglect socioeconomic and financial sustainability and may result in high-level indebtedness and transfer of control over strategic assets and resources".[217] In the Western Balkan countries, China profits from lax regulatory practices, labor regulations and public procurement. By taking on Chinese loans, the regional governments of the WB6 region risk to run into high debt, which again is quite problematic for their EU accession process. In addition to China's "dept trap diplomacy", there are also other factors that are detrimental to the accession prospects of the Western Balkan countries, such as their low environmental standards and widespread public corruption. Although Beijing's approach in the region does not align with the EU's expectations and standards in various ways, the strong cooperation between China and the Western Balkans will reinforce China's influence in Europe even more once these countries will be part of the EU. Therefore, it becomes clear why China's involvement in the region raises high concerns and skepticism in Brussels.

Regarding Beijing's bilateral agreements with Rome and Athens, China can expect to benefit on both an economic and institutional level by expanding its political footprint in the EU, whereas the beneficial outcomes for Greece and Italy are less clear and certainly not guaranteed. Due to China's symbolic and political interests, bilateral agreements with Beijing can bear considerable uncertainties and might not lead to the expected economic outcomes for the target countries.[218] Even if certain countries experience an economic boost – as the example of the Greek harbor of Piraeus has shown – the political component of China's involvement has proven to be quite problematic for European unity and integration as "E.U. officials are concerned that China is buying silence on human rights issues and undermining the bloc's ability to speak with one voice."[219] The fact that China uses its economic power and investments in the CEE countries for political leverage is the reason why the EU does not consider China only as a cooperation and negotiation partner anymore, but also as "a systemic rival promoting alternative models of governance."[220]

As discussed before, countries such as Serbia, Hungary, and Greece have proven their loyalty to the PRC several times in the past, which proves that Beijing's economic and political foothold has already allowed the Asian power to influence various EU policies. In July 2016, Greece and Hungary blocked the European Union from delivering a joint statement against the PRC's aggressive actions and legal claims in the South China Sea to the Permanent Court of Arbitration in The Hague. In March 2017, Hungary denied signing a collective letter

[217] "Joint Communication of the European Commission and the High Representative," 4.
[218] Bastian, "China In Europe: Greece Joins The 17+1 Network."
[219] Horowitz and Alderman, "Chastised by E.U."
[220] "Joint Communication of the European Commission and the High Representative," 1.

condemning the reported torture of arrested lawyers in China and, thereby, impaired EU consensus. In June 2017, Greece blocked an EU statement on the PRC's human rights violations at the UN Human Rights Council, which was the first time the EU was unsuccessful in submitting a joint statement at the UN's main human rights body.[221] As these examples demonstrate, the political dimension of Beijing's bilateral agreements with European countries is highly problematic from an EU perspective as it works against European unity and integration. Moreover, those countries that benefit from Beijing's alternative model of governance tend to follow the subsequent behavioral patterns, pointed out by von Hauff: "firstly, supporting the One-China policy whenever the issue of Taiwan comes up; secondly, refraining from criticism of China's political and economic system; finally, promoting China's leadership role in the process of economic globalization and normative multipolarization."[222] To sum up the consequences of China's presence in the EU, the EU's intergovernmental nature combined with the BRI's political influence in the CEE countries and Greece allows China to become part of the decision-making process on EU level. "This," argues von Hauff, "may challenge the bloc's liberal identity and damage its unity, and, ultimately, render it more difficult to speak with one voice and be heard accordingly – as a unified voice of the liberal West."[223]

This leads us to the third research question: "How can the EU respond to China's economic and political involvement in Europe?" As discussed in chapter 5.2., the main goal and simultaneously the biggest challenge for the EU is achieving full unity on the international stage and particularly towards China. Von Hauff's six recommendations for action, discussed in 5.2., turned out to be of great relevance to the third research question. To achieve full unity, it is crucial that the EU takes steps to decrease the gap between the EU's "core countries" and the – geographically and politically – peripheral regions. The latter also include the WB6 countries, even though they are not part of the union yet. As discussed in chapter 5.1., Brussel's skepticism towards a new round of enlargement worsens with China's increasing political and economic influence in the Western Balkans. After several years of Chinese involvement in the region, the EU is now at a crossroads and it must promptly decide what steps it is going to take to ensure that the WB6 countries stay within the Brussel's area of influence. From a geopolitical perspective, enlargement is of strategic relevance to the EU, which is why Brussels cannot risk to "lose" the Western Balkans to China. The EU needs to meet the Western Balkan countries'

221 Brattberg and Soula, "Europe's Emerging Approach."
222 von Hauff, "China's Silk Road Initiative," 37.
223 Ibid, 39.

concerns and dissatisfaction by providing a clear path to EU accession and integration. Using von Hauff's words, "engaging the periphery in order to reach the core" is a central aspect of the EU's response to the BRI and China.[224]

While the EU needs to be understanding of CEE and Western Balkan countries' political legacies, it also needs to demonstrate a certain amount of broad-mindedness regarding Greece's susceptibility for Chinese investments. Greece's lookout for normative alternatives is caused by its suffering of the 2008 financial crisis. The crisis and, subsequently, the EU's strict austerity agenda created a fertile ground for anti-EU propaganda in Greece. It was during that time that the EU member state started strengthening its relationships with the PRC. In fact, as some might say, "the EU's own austerity agenda and budget restrictions have helped to push the governments of both Greece and Italy into closer relationships with China, through debt agreements and selling off of key infrastructure."[225] On the other hand, EU investments and funds have helped Greece to survive the debt crisis. Although Chinese loans and financial resources seem large, EU funds are by far more extensive, reliable, and safer for the receiving country. Greece and CEE countries, thus, need to be made aware of the value of EU resources.

The EU's economic diversity is a main factor that has attracted Beijing's interest from the very beginning. While the advanced economies in the West offer great opportunities for knowledge and innovation transfer, the CEE states as well as some Southern European members represent important opportunities for infrastructure investments and acquisition. Moreover, CEE countries also offer favorable circumstances for China's excess capacities. As von Hauff explains, "[i]t is this combination that has contributed to the EU's uncontested position as China's biggest trading partner and as its favorite destination for outbound direct investment (ODI). It is this combination, too, that has lifted the EU to the position of the BRI's 'other end', rendering it the ultimate destination point of Beijing's international connectivity ambitions."[226] As a crucial partner of the Belt and Road Initiative, the EU has benefited substantially from Chinese FDI, both in the field of infrastructure and in many other areas. Therefore, Brussels should remain open to Chinese investments while, simultaneously, calling for adherence to EU public procurement and lending rules. This also requires an EU-wide investment screening mechanism that allows to examine foreign direct investment in terms of their safety and reliability.[227]

[224] von Hauff, "China's Silk Road Initiative," 39.
[225] Corporate Europe Observatory, "Follow the New Silk Road," 4.
[226] von Hauff, "China's Silk Road Initiative," 34-35.
[227] Ibid, 42.

The EU’s response to the BRI needs to be as versatile as the EU’s members and accession candidates themselves. Although there is neither a secret recipe nor a straightforward plan to resolve all issues related to China’s engagement in Europe and its negative consequences on European integration, many small steps can help to constructively address these challenges. The overall goal is European unity towards other international players including China, and a better integration of Europe’s peripheral states and regions. Only a unified European Union that defends the same values and interests can be a strong negotiation and cooperation partner in front of China. To conclude, the BRI should, thus, not only be regarded as a challenge, but, more importantly, as an opportunity for the EU to become stronger, more unified, and more proactive in terms of its economic and political interests.

7. List of references

1) Documents

Ancient World History. "Silk Road." Accessed October 3, 2020, http://earlyworldhistory.blogspot.com/2012/02/silk-road.html.

Bayrischer Rundfunk. "Die Seidenstraße: Ein alter und neuer Handelsweg." Last modified February 5, 2018. https://www.br.de/themen/wissen/seidenstrasse-buchdruck-papier-kompass-100.html.

Belt and Road Initiative. "Belt and Road Initiative." Last accessed October 3, 2020, https://www.beltroad-initiative.com/belt-and-road/.

Bizzotto, Mara, Anna Bonfrisco. "Parliamentary Questions." *European Parliament*, last updated October 18, 2019, https://www.europarl.europa.eu/doceo/document/E-9-2019-003068_EN.html.

EEAS. "EU-China Relations factsheet." Last modified June 20, 2020. https://eeas.europa.eu/topics/external-investment-plan/34728/eu-china-relations-factsheet_en.

Encyclopedia Britannica. "Silk Road." Last modified September 29, 2020, https://www.britannica.com/topic/Silk-Road-trade-route.

EUR-Lex. "The Energy Community Treaty." Last modified September 22, 2014. https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=LEGISSUM%3Al27074.

European Bank for Reconstruction and Development. "Belt and Road Initiative (BRI)." Last accessed, October 3, 2020. https://www.ebrd.com/what-we-do/belt-and-road/overview.html.

European Commission. *Joint Communication to the European Parliament and the Council: Elements for a new EU strategy on China*. June 22, 2016. https://eeas.europa.eu/sites/eeas/files/joint_communication_to_the_european_parliament_and_the_council_-_elements_for_a_new_eu_strategy_on_china.pdf.

European Commission. "Investment Plan for Europe goes global: China announces its contribution to #investEU". Press release, September 28, 2015. https://ec.europa.eu/commission/presscorner/detail/en/IP_15_5723.

European Parliament, Legislative Observatory. "Text adopted by Parliament, single reading." September 12, 2018, https://oeil.secure.europarl.europa.eu/oeil/popups/summary.do?id=1552113&t=d&l=en.

Eurostat. "China-EU - international trade in goods statistics." Last modified March 2020, https://ec.europa.eu/eurostat/statistics-explained/index.php/China-EU_-_international_trade_in_goods_statistics#EU-China_most_traded_goods.

Institute for Cultural Diplomacy (ICD). "Hard vs. Soft Power: Foreign Policy Strategies in Contemporary International Relations." Accessed October 3, 2020, http://www.culturaldiplomacy.org/youngleadersforums/pdf/hardpowercurrency.pdf.

MERICS. "Chinesische Direktinvestitionen in Europa 2019: Sinkende Investitionen, engere Verflechtungen und neue Bedenken." April 8, 2020.

https://merics.org/de/pressemitteilung/chinesische-direktinvestitionen-europa-2019-sinkende-investitionen-engere.

National Development and Reform Commission (NDRC). “Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road.” March 28, 2015, https://en.ndrc.gov.cn/newsrelease_8232/201503/t20150330_1193900.html.

OECD. “The Belt and Road Initiative in the global trade, investment and finance landscape.” *OECD Business and Finance Outlook 2018*, September 3, 2018. https://doi.org/10.1787/bus_fin_out-2018-6-en.

Permanent Mission of the People’s Republic of China to the United Nations Office at Geneva and other International Organizations in Switzerland. “The Belt and Road Initiative: Progress, Contributions and Prospects.” Last accessed October 20, 2020. http://www.china-un.ch/eng/zywjyjh/t1675564.htm.

Port of Rotterdam. “Facts and Figures about the Port.” Last accessed October 3, 2020. https://www.portofrotterdam.com/en/our-port/facts-and-figures/facts-figures-about-the-port/throughput.

PortandTerminal.com. “Chinese owned Port of Piraeus in Greece becomes Med’s top container port.” May 20, 2020, https://www.portandterminal.com/chinese-owned-port-of-piraeus-in-greece-becomes-meds-top-container-port/.

Sino-European Foundation of Chinese Culture and Education. “The Foundation of China – Central Eastern European Institute in Budapest – China’s first overseas think tank opens in Europe.” May 19, 2017. http://sefcce.org/en/the-foundation-of-china-central-eastern-european-institute-in-budapest/.

SOLID. “SOLID supports Western Balkan countries in the energy transition.” Last accessed October 3, 2020, https://solid.at/en/news/item/solid-supports-western-balkan.html.

Wikipedia. “Demographics of Serbia.” Last accessed October 24, 2020. https://en.wikipedia.org/wiki/Demographics_of_Serbia#cite_note-28.

2) Media reports

Ajeti, Faruk. “Brücken, Autobahnen, Kraftwerke, Industrieparks und auch noch Polizisten – wie China auf dem Balkan der EU auf der Nase herumtanzt.“ *Neue Züricher Zeitung*, January 28, 2020. https://www.nzz.ch/meinung/nun-auch-noch-polizisten-china-macht-sich-auf-dem-balkan-breit-ld.1532143.

Bastian, Jens. “China In Europe: Greece Joins The 17+1 Network,” *The Corner*, April 22, 2019. https://thecorner.eu/news-the-world/world-economy/china-in-europe-greece-joins-the-171-network/79551/.

Bindi, Federiga. “Why Did Italy Embrace the Belt and Road Initiative?” *Carnegie*, May 20, 2019. https://carnegieendowment.org/2019/05/20/why-did-italy-embrace-belt-and-road-initiative-pub-79149.

Brattberg, Erik, Etienne Soula. “Europe’s Emerging Approach to China’s Belt and Road Initiative.” *Carnegie*, October 19, 2018. https://carnegieendowment.org/2018/10/19/europe-s-emerging-approach-to-china-s-belt-and-road-initiative-pub-77536.

Brînză, Andreea. “China: from panda diplomacy to New Silk Road smart power.” *RISAP*, September 30, 2016. http://risap.ro/en/china-panda-diplomacy-new-silk-road-smart-power/.

Brînză, Andreea. “Redefining the Belt and Road Initiative.” *The Diplomat*, March 20, 2018, https://thediplomat.com/2018/03/redefining-the-belt-and-road-initiative/.

Cambero, Fabian, Dave Sherwood. “China invites Latin America to take part in One Belt, One Road.” *Reuters*, January 22, 2018, https://www.reuters.com/article/us-chile-china/china-invites-latin-america-to-take-part-in-one-belt-one-road-idUSKBN1FB2CN.

Doehler, Austin. “How China Challenges the EU in the Western Balkans.” *The Diplomat*, September 25, 2019. https://thediplomat.com/2019/09/how-china-challenges-the-eu-in-the-western-balkans/.

Fritz, Philipp. “Chinas „17 plus 1“-Angriff auf Europa.“ *Welt*, August 16, 2019. https://www.welt.de/print/welt_kompakt/print_politik/article198624433/Chinas-17-plus-1-Angriff-auf-Europa.html.

Glass, David. “Greece aims to build on Chinese cooperation in Piraeus port.” *Seatrade Maritime News*, June 9, 2020. https://www.seatrade-maritime.com/ports-logistics/greece-aims-build-chinese-cooperation-piraeus-port.

Guggenheim, B. Lana. “Go Big or Go Home: China Invests in Greece.” *SouthEUSummit*, November 25, 2019. https://southeusummit.com/europe/greece/go-big-or-go-home-china-invests-in-greece/.

Höhler, Gerd. “‘Der Kopf des Drachen‘: Warum der Hafen von Piräus für China das Tor nach Europa werden soll“. *Handelsblatt*, October 21, 2018. https://www.handelsblatt.com/politik/international/der-kopf-des-drachen-warum-der-hafen-von-piraeus-fuer-china-das-tor-nach-europa-werden-soll/23210994.html?ticket=ST-5081314-DkZZmCjA1otlYB3SCsgF-ap2.

Höhler, Gerd. “Neue Seidenstraße: China hat große Pläne mit dem Hafen von Piräus.” *Handelsblatt*, March 23, 2019. https://www.handelsblatt.com/politik/international/neue-seidenstrasse-china-hat-grosse-plaene-mit-dem-hafen-von-piraeus/24136646.html.

Horowitz, Jason, Liz Alderman. “Chastised by E.U., a Resentful Greece Embraces China’s Cash and Interests.” *New York Times*, August 26, 2017. https://www.nytimes.com/2017/08/26/world/europe/greece-china-piraeus-alexis-tsipras.html.

Jovanovic, Dragana. “Chinese Migrants Use Serbia as Gate to Europe.” *abc News*, January 6, 2006. https://abcnews.go.com/International/story?id=83182&page=1.

Karr, Larisa. “Chinese Students Choose to Study in ‘Totally Different’ Serbia.” *BalkanInsight*, July 12, 2019. https://balkaninsight.com/2019/07/12/chinese-students-choose-to-study-in-totally-different-serbia/.

Kakissis, Joanna. “Chinese Firms Now Hold Stakes In Over A Dozen European Ports.” *NPR*, October 9, 2018. https://www.npr.org/2018/10/09/642587456/chinese-firms-now-hold-stakes-in-over-a-dozen-european-ports.

Karásková, Ivana. “Engaging China in 17+1: Time for the ACT Strategy.” *The Diplomat*, April 7, 2020. https://thediplomat.com/2020/04/engaging-china-in-171-time-for-the-act-strategy/.

Kaufmann, Dirk. “China’s neue Seidenstraße ohne Europa?” *Deutsche Welle*, January 16, 2020. https://www.dw.com/de/chinas-neue-seidenstra%C3%9Fe-ohne-europa/a-52030207.

Kuo, Mercy A. “China-Italy Relations: The BRI Effect.” *The Diplomat*, April 24, 2019. https://thediplomat.com/2019/04/china-italy-relations-the-bri-effect/.

Lee, Felix. “Xi Jinping will sich zum Autokraten auf Lebenszeit machen.” *Die Presse*, February 26, 2018. https://www.diepresse.com/5378679/xi-jinping-will-sich-zum-autokraten-auf-lebenszeit-machen.

Mangat, Mona. “East Meets West in Blok 70.” *BalkanInsight*, March 22, 2010. https://balkaninsight.com/2010/03/22/east-meets-west-in-blok-70/.

Neuberger, Eszter, Alicia Prager. “Auf seidenen Schienen: Bahnstrecke zwischen Budapest und Belgrad.” *Profil*, December 17, 2019. https://www.profil.at/ausland/china-budapest-belgrad-bahn-11279753.

Panda, Ankit. “Is the Trump Administration About to Take On China’s Belt and Road Initiative?” *The Diplomat*, October 19, 2017. https://thediplomat.com/2017/10/is-the-trump-administration-about-to-take-on-chinas-belt-and-road-initiative/.

Podbregar, Nadja. “Uralte Wurzeln der Seidenstraße.” *Wissenschaft.de*, March 8, 2017. https://www.wissenschaft.de/geschichte-archaeologie/uralte-wurzeln-der-seidenstrasse/.

Pohl, Gerald. “Neue Seidenstraße: China drängt es nach Europa.” *Die Presse*, September 17, 2019. https://www.diepresse.com/5691221/neue-seidenstrasse-china-drangt-es-nach-europa.

Radomir, Ralev. “Montenegro completes some 90% of Smokovac-Matesevo motorway section.” *SeeNews*, June 26, 2020. https://seenews.com/news/montenegro-completes-some-90-of-smokovac-matesevo-motorway-section-704180.

Riegert, Bernd. “EU will den Westbalkan bei Laune halten.” *Deutsche Welle*, May 6, 2020. https://www.dw.com/de/eu-will-den-westbalkan-bei-laune-halten/a-53337178.

Sackmann, Christoph. “Der ‚Kopf des Drachen‘ wächst: China macht Piräus zum Einfallstor nach Europa.“ *Focus*, May 26, 2020. https://www.focus.de/finanzen/boerse/konjunktur/vorbei-an-bremerhaven-der-kopf-des-drachen-waechst-china-macht-piraeus-zum-einfallstor-nach-europa_id_12028052.html.

Schlötzer, Christiane. “Helfer mit Hintergedanken.” *Süddeutsche Zeitung*, November 12, 2019. https://www.sueddeutsche.de/politik/griechenland-china-seidenstrasse-1.4678525.

Shepard, Wade. “Beijing To The World: Don't Call The Belt And Road Initiative OBOR.” *Forbes*, August 1, 2017. https://www.forbes.com/sites/wadeshepard/2017/08/01/beijing-to-the-world-please-stop-saying-obor/#60d869117d45.

Sommer, Theo. “Der chinesische Masterplan: Pekings Führungswille fordert den Westen heraus.” *Zeit Online*, January 23, 2019. https://www.zeit.de/2019/05/china-wirtschaftlicher-aufschwung-handelsmacht-xi-jinping-masterplan.

Stojanovic, Dusan. “China’s coal project in Serbia raises climate change worries.” *The Associated Press*, November 30, 2018. https://apnews.com/d59c2fbabbba442cbc221282f3b4ad6b.

Tugwell, Paul. "Greece, China Sign 16 Deals in Sectors Including Energy." *Bloomberg*, November 11, 2019. https://www.bloomberg.com/news/articles/2019-11-11/greece-china-sign-16-deals-in-sectors-including-energy.

Zeneli, Valbona. "China in the Balkans: Chinese investment could become a challenging factor for the European future of the Western Balkans." *The Globalist*, April 9, 2019. https://www.theglobalist.com/balkans-china-fdi-belt-and-road-eu/.

3) Analyses

Ciurtin, Horia. "The "16+1" Becomes the "17+1": Greece Joins China's Dwindling Cooperation Framework in Central and Eastern Europe." *China Brief* 19 (10), May 29, 2019. https://jamestown.org/program/the-161-becomes-the-171-greece-joins-chinas-dwindling-cooperation-framework-in-central-and-eastern-europe/.

Ćetković, Pedrag. "Der Einfluss Chinas auf dem Westbalkan – und wie er finanziert wird…," *Kurswechsel* 4 (2018): 87-88. http://www.beigewum.at/kurswechsel/jahresprogramm-2018/heft-418-10-jahre-krise/.

Corporate Europe Observatory. "Follow the New Silk Road: China's growing trail of think tanks and lobbyists in Europe." April 8, 2019. https://corporateeurope.org/en/2019/04/follow-new-silk-road-chinas-growing-trail-think-tanks-and-lobbyists-europe.

Ertl, Veronika, David Merkle. "China: A Developing Country as a Global Power?" *Konrad Adenauer Stiftung*, November 15, 2019. https://www.kas.de/de/web/auslandsinformationen/artikel/detail/-/content/china-ein-entwicklungsland-als-globale-macht.

Frachetti, Michael D., C. Evan Smith, Cynthia M. Traub, and Tim Williams. "Nomadic ecology shaped the highland geography of Asia's Silk Roads." *Nature* 543 (March 9, 2017): 193–198. https://doi.org/10.1038/nature21696.

Hillman, Jonathan E., Maesea McCalpin. "Will China's '16+1' Format Divide Europe?," *CSIS Center for Strategic & International Studies*, April 11, 2019. https://www.csis.org/analysis/will-chinas-161-format-divide-europe.

Iftikhar, Mohid, Faizullah Abbasi. "A Comparative View of the Ancient and 21st Century Maritime Silk Roads." *Center for International Maritime Security*, March 3, 2016, http://cimsec.org/ancient-land-and-the-maritime-silk-road/22660.

Li, Mingjiang. *Soft power: China's emerging strategy in international politics*. Lanham: Lexington Books, 2009.

Linden, Ronald H. "China is Buying Up Ports and Influence Across Europe." *Global Business Outlook*, last accessed October 27, 2020. https://www.globalbusinessoutlook.com/china-is-buying-up-ports-and-influence-across-europe/.

Makarychev, Andrey. "Prospects for thinking about soft power beyond Joseph Nye." In *Religion and Soft Power in the South Caucasus*, edited by Ansgar Jödicke, 237-240. Routledge, 2018.

Makocki, Michal. “China’s Road: into Eastern Europe.” *European Union Institute for Security Studies (EUISS) Brief, no. 4* (February 15, 2017). https://www.iss.europa.eu/content/chinas-road-eastern-europe.

Mardell, Jacob. “China’s Economic Footprint in the Western Balkans.” *Asia Policy Brief*, edited by Bertelsmann Stiftung, 2020. https://www.bertelsmann-stiftung.de/de/publikationen/publikation/did/chinas-economic-footprint-in-the-western-balkans.

Mardell, Jacob. “Belgrade briefings on bossy Brussels and benevolent Beijing.” *MERICS*, May 20, 2019. https://merics.org/de/analyse/belgrade-briefings-bossy-brussels-and-benevolent-beijing.

Merk, Olaf. “China’s participation in European container ports: Drivers and possible future scenarios. ” *Revue international et stratégique* 117, no. 1 (2020): 41-53. https://www.cairn-int.info/article-E_RIS_117_0041--china-s-participation-in-european.htm.

Nye, Joseph S. “Soft power.” *Foreign Policy*, no. 80 (Autumn 1990): 153-171, https://www.jstor.org/stable/1148580?seq=1.

Nye, Joseph S. “Public Diplomacy and Soft power.” *ANNALS, AAPS*, 616 (March 1, 2008): 94-109, https://doi-org.uaccess.univie.ac.at/10.1177/0002716207311699.

Saari, Sinikukka. “Connecting the dots: Challenges to EU connectivity in Central Asia.” *European Union Institute for Security Studies (EUISS) Brief*, no. 6 (June 2019). https://www.iss.europa.eu/content/connecting-dots-challenges-eu-connectivity-central-asia.

Tonchev, Plamen. “China’s Road: into the Western Balkans.” *European Union Institute for Security Studies (EUISS) Brief*, no. 3 (February 2017): 1-4. https://www.iss.europa.eu/content/chinas-road-western-balkans.

Tsai, Wan (Sabrina). “The Identity of the Chinese in Belgrade: A National Question,” SIT Study Abroad, *Independent Study Project (ISP) Collection* (Spring 2011). https://digitalcollections.sit.edu/isp_collection/1088.

Von Hauff, Luba. *China’s Silk Road Initiative and the European Union: Prospects for the future*. Munich: Hanns-Seidel-Stiftung, 2018. https://www.hss.de/download/publications/AA_68__Seidenstrasseninitiative.pdf.

Zweers, Wouter, Vladimir Shopov, Frans-Paul van der Putten, Mirela Petkova, Maarten Lemstra. “China and the EU in the Western Balkans: A zero-sum game?” *Clingendael Report*, August 2020. https://www.clingendael.org/sites/default/files/2020-08/china-and-the-eu-in-the-western-balkans.pdf.

8. Appendix

I. Abstract (English)

China's Belt and Road Initiative (BRI) is a global project that aims to develop connectivity and collaboration across several trade routes between the People's Republic of China and Asia, Europe, Africa, and South America. This thesis discusses the BRI in Europe and its impact on the EU by focusing on two geographical areas: The Western Balkan Six, with a special focus on Serbia, and Greece. The first part of this paper tries to place the BRI in the theoretical framework of hard and soft power by drawing on theories of Nye, Li and Makarychev. The second part discusses the impact of Chinese presence in the Western Balkans and Greece on the EU by using up-to-date articles and reports from research institutions, newspapers, and European institutions. The main findings of this paper show that the PRC combines hard power elements with soft power strategies to gain power in the EU. Bilateral agreements between the PRC and the countries analyzed in this paper have proven to be quite problematic for European Integration. Weak economies such as the Western Balkans risk running into high debt when signing deals with Beijing, which is not only detrimental to their EU accession process, but also allows China to use its economic power for political leverage in the EU. By taking Beijing's side in international disputes, countries such as Serbia and Greece have already worked against the EU in the past. When it comes to the EU's response to China's presence in Europe, the overall goal is European unity and a better integration of Europe's peripheral states. Only a united EU that defends the same values and interests can both be a strong negotiator and cooperative partner in the face of China's rising status.

II. Zusammenfassung (Deutsch)

Die Belt and Road Initiative (BRI) ist ein globales Projekt, welches das Ziel verfolgt, die VR China durch den Ausbau von Handelsrouten mit anderen Teilen Asiens, Europa und Afrika zu vernetzen, um somit die wirtschaftspolitische Stellung des Landes zu stärken. Die vorliegende Arbeit analysiert die BRI in Europa und deren Auswirkungen auf die EU mit einem geografischen Fokus auf dem Westbalkan, insbesondere Serbien, und Griechenland. Der erste Teil dieser Arbeit befasst sich mit der Einordnung der BRI im theoretischen Rahmen der Hard- und Softpower anhand theoretischer Erkenntnisse von Nye, Li und Makarychev. Der zweite Teil der Arbeit analysiert Chinas Präsenz in den Westbalkanländern und Griechenland sowie deren Auswirkungen auf die EU anhand aktueller Medienberichte und Analysen wissenschaftlicher Zeitschriften, Zeitungen, und Forschungsinstitute sowie offizieller EU-Dokumente. Die zentralen Erkenntnisse dieser Arbeit zeigen, dass Chinas Machtstrategie in Europa Hard Power Elemente und Soft Power Strategien vereint. Bilaterale Abkommen zwischen der VR China und den in dieser Arbeit analysierten Ländern haben zudem negative Auswirkungen auf die Europäische Integration und den EU-Beitrittsprozess der Westbalkanländer. Durch die Aufnahme chinesischer Kredite riskieren konjunkturschwache Länder nicht nur hohe Verschuldungen, sondern bestärken auch Chinas politischen Einfluss in Europa. Das oberste Ziel der EU ist die Erreichung einer vollkommenen europäischen Einheit auf der internationalen Bühne, vor allem gegenüber der VR China. Hierzu bedarf es einer Verringerung der Kluft zwischen den Kern- und den Peripherieländern der EU sowie klarer Vorgaben für die Integration der Westbalkanstaaten in die EU. Nur eine vereinte EU, die dieselben Werte und Interessen vertritt, kann als starker Verhandlungs- und Kooperationspartner gegenüber der VR China auftreten.