



“European spatial strategies and Chinese geopolitical initiatives.

The potential territorial impacts of Chinese economic intervention in the Balkan peninsula”

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Presentation outline

- Introduction to the OBOR - One Belt on Road strategy
- Chinese investment in CEE and Western Balkans
- EU spatial strategies VS China’s “going out” vision
- Discussion and open questions

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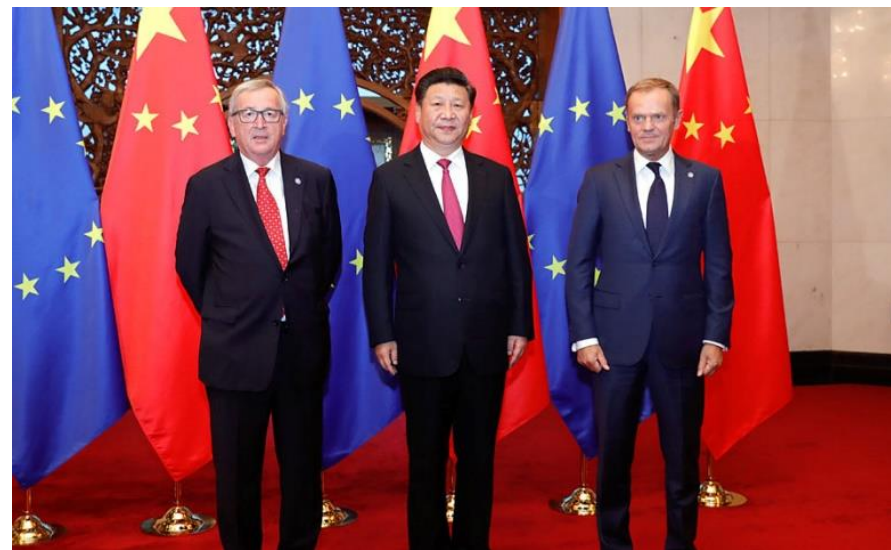
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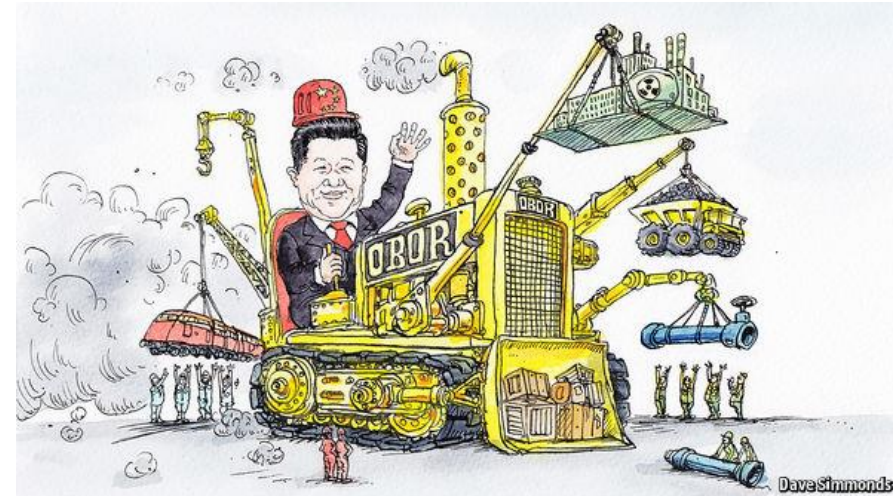
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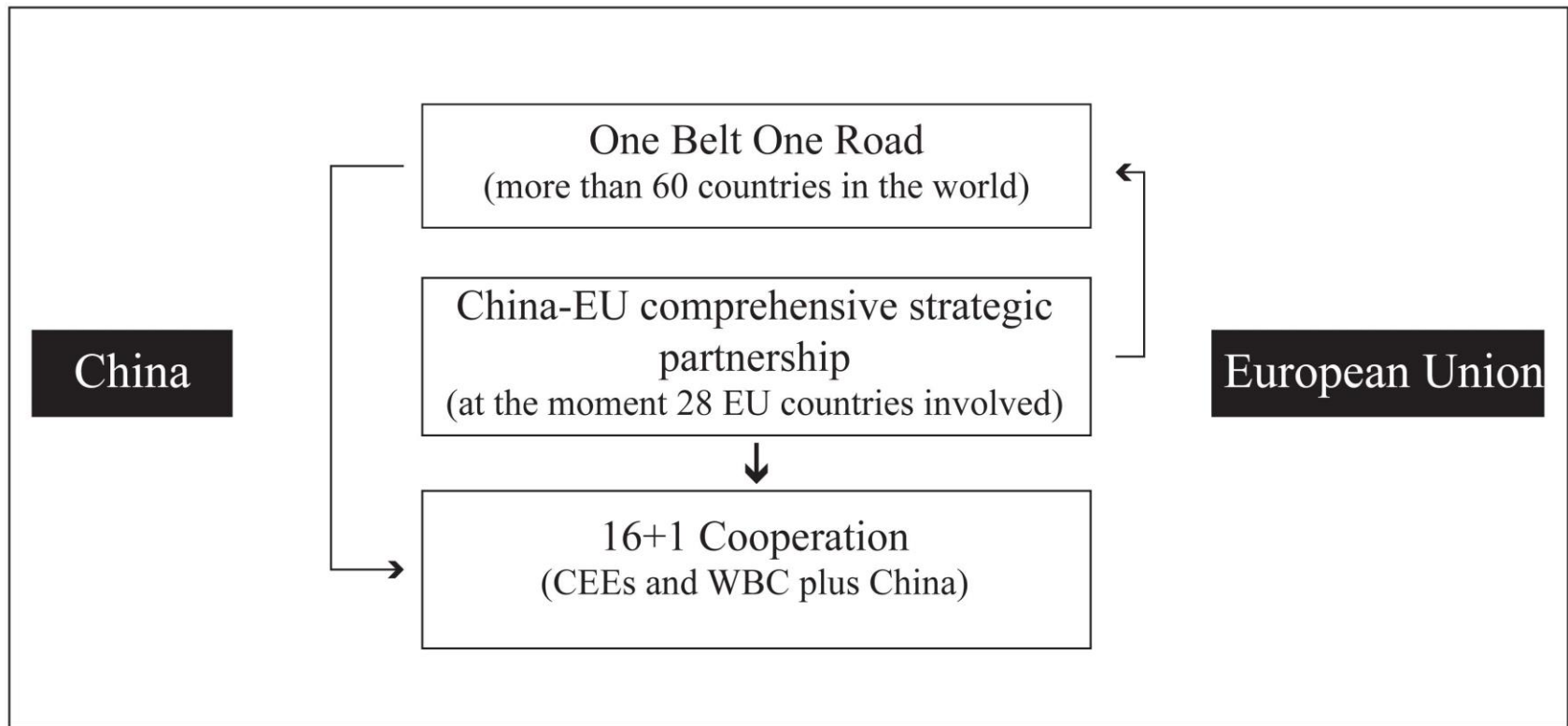
Background question

What does the implementation of the Chinese going out strategies mean for the EU and in particular for CEE and WBR countries? Which kind of spatial/territorial effects can derive from the latter?

Chinese involvement in Europe (in CEE and WBR in particular)

- **16+1 initiative** – a cooperation platform between China and CEE and South EU countries
- **Silk Road Economic Belt** – the OBOR north line which is seeing involved the CEE countries principally
- **China-Europe Land-Sea Express Passage** – the south line which interests the WBR countries

China and Europe relations

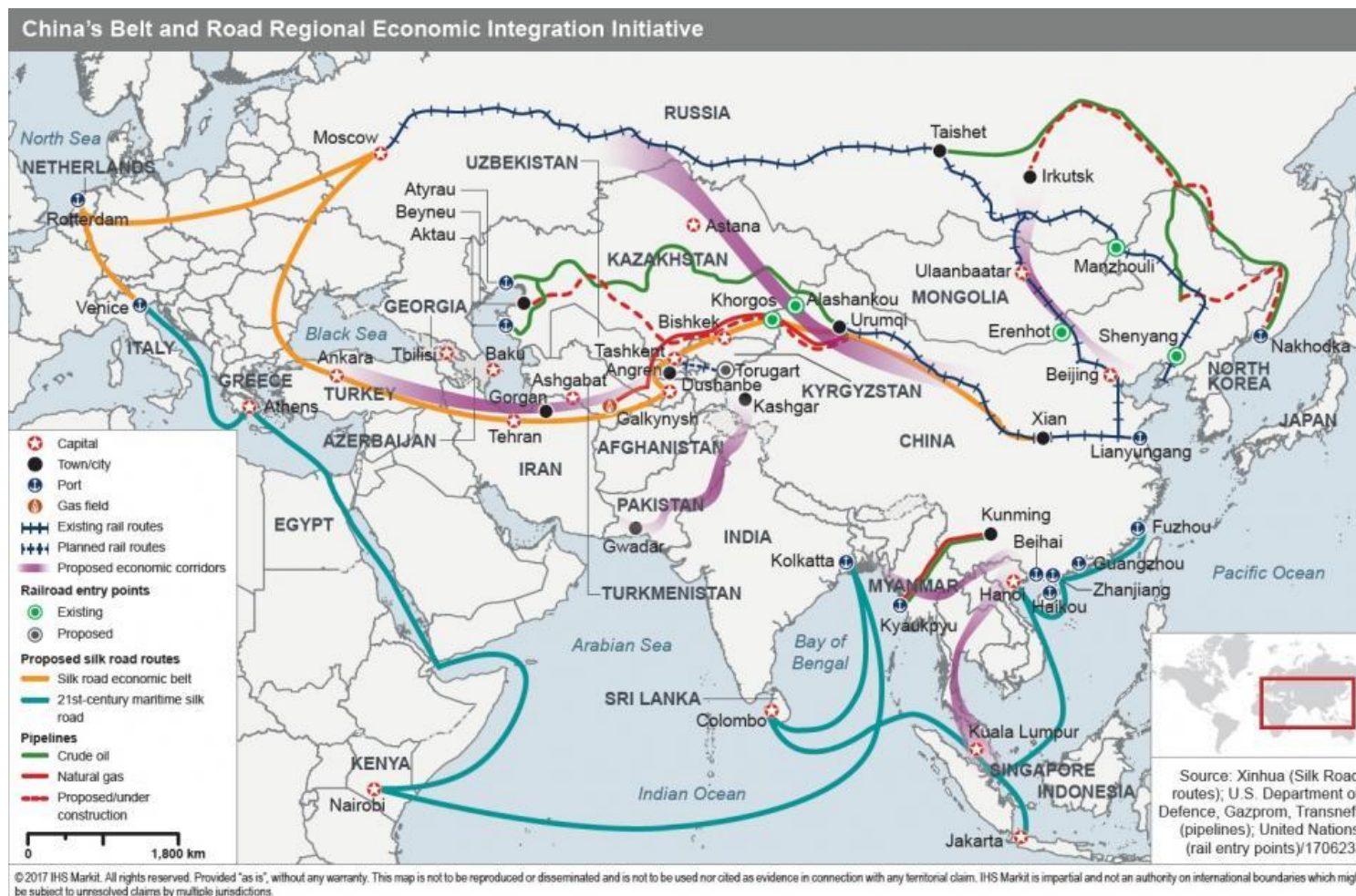


Source - authors' own elaboration

OBOR at a glance

- **Two spatial trajectories** - Silk Road Economic Belt and 21st-century Maritime Silk Road
- More than **60 countries**, **65% of the world's population** and **over 40% of global GDP**
- The strategy is expected to mobilize more than **4 trillion dollars** (the Marshall Plan envisioned not more than 130 billions)
- Europe is **NOT the center** of the World!

OBOR – as an alternative geopolitical order



Source - Xinhua (Silk Road routes); Us Department of Defence

Main reasons behind the OBOR

- **Internal perspective** – China is reaching its domestic market expansion limits which is causing increasing internal regional disparities
- **External perspective** – positive global geopolitical conjunctures (EU crises in particular)
- **New geopolitical order** – keep Eurasia into global economic and political center

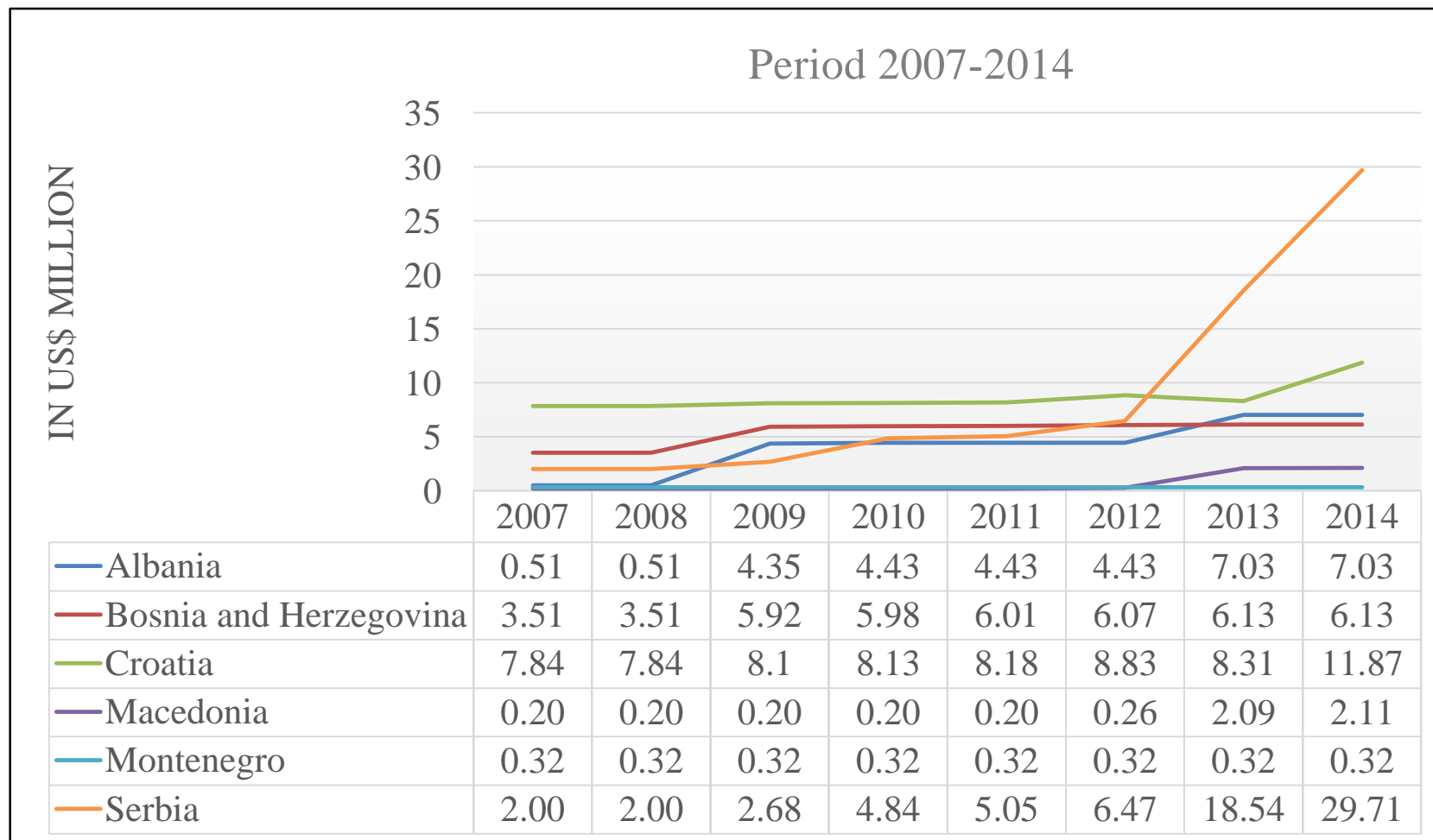
OBOR's objectives

- **Improvement of territorial connectivity**
- **Facilitating cooperation initiatives** (along and between the major economic players in the Eurasia continent)
- **Establishing and strengthen partnerships** among countries along the Belt and Road
- **Europe as the core market** or **Europe as a side area** ?

16+1 cooperation's objective

- increase the inflow of China's foreign direct investment (transport, energy and logistics projects)
- facilitate trade investments and acquisition ability of Chinese companies
- 16+1 cooperation is more economic related initiative rather than a geopolitical perspective as the OBOR is

Chinese foreign direct investments in WBR



Source - Authors' own elaboration on data of MOFCOM, SAFE, NBS, 2015

Main Chinese investment in the Western Balkan Region

Projects	Transport	Energy	Industrial production
Mihajlo Pupin Bridge, 2011 (Serbia)	X		
Pan-European Corridors (TEN-T 10)	X		
High-speed rail link between Budapest and Belgrade	X		
Bar-Boljare motorway in Montenegro	X		
Skopje-Shtip motorway in Macedonia	X		
Kichevo-Ohrid motorway in Macedonia	X		
Acquisition of Tirana International Airport SHPK in Albania	X		
Hydro- and thermal-power plants in Macedonia and Bosnia Herzegovina		X	
New thermal power plant in Bosnia-Herzegovina		X	
Acquisition of the Serbian steel mill			X
Production lines in the auto industry through Mei Ta Industrial Company in Serbia			X

EU spatial strategies and China’s “going out” vision – convergences:

- Substantial overlapping between transport infrastructure projects (TEN-T and OBOR objectives coincide)
- Both has a regional vision rather than state-centered
- Both recognized the strategic importance of CEE and WBR
- Both (rhetorically ?) aim to create territorial development synergies

EU spatial strategies and China’s “going out” vision – divergences:

- OBOR is rather Cina-centric, the EU is de facto considered as a peripheral counter-part
- Even if promoting regional approaches China is privileging bilater agreements
- Distance in terms of norms, rules and regulation concerning projects’ implementation and impacts’ standards

Different approaches

	EU Approach	China Approach	Consequences
Project Management	Transparency; public procurement; public tenders	No accent on transparency mechanism; favouring Chinese contractors and resources	Lack of market competition; lower spillover effects; downsizing EU regulation on public procurement.
Financial Mechanism	Multi-layer financial schemes (EU Structural and investment funds).	Direct Investment; state-state loans; top-down financial instruments	Increasing of state debt; mismanagement of state funds
Environmental Standards	Stringent regulations and standards	Lower attention to environmental issue	Over exploitation of natural resources
Social Standards	Aiming at social cohesion	No particular importance given to this issue	Underestimating of the social potential impacts of project implementation

Discussion

- CEE countries are **integral part of the EU** and WBR countries are already at a quite **advanced integration stage**
- This process saw their progressive integration into the EU process **resource distribution** (pre-accession aids IPA etc.) aiming at **economic, social and territorial cohesion**
- It activated, at the same time, a set of processes of **legal, economic and cognitive conditionalities**, aiming at influencing (territorial) policies in the involved countries towards a **European perspective**.

Discussion

- Legal, economic, and cognitive conditionality work **reinforcing each other**, with **economic conditionality** being the stronger leverage for accession countries.
- In the presence of a **weaker European Union** (with other troubles to solve?), the increasing of China investment partly **weaken EU integration appeal**.
- In WBR and CEE it does **lower the economic conditionality leverage** on the EU on the area, together with the exportation of the **European (social) model**.

Open questions: the long arm of the dragon in the CEE and WBR

- ✓ Does China playing a role in facilitating the WBR’s integration path or slowing it?
- ✓ What is the role of EU? Is it still the biggest player of game? Does it facilitate the Chinese development strategy or not?
- ✓ Which kind of competitiveness will emerge among countries? Will the logic of state-centred interests prevail or a more comprehensive regional model will consolidate?

- ❖ A joint spatial development vision may constitute an added value in the relation of CEE and especially WBR countries with China.
- ❖ However, whether CEE and WBR countries will selfishly pursue their development goals or will try to develop and integrated development vision to manage China’s influence remain to be seen.
- ❖ The stronger the EU, the more likely this joint vision is going to develop. The current impasses that characterize the European integration game do not allow however to hope for the best...



Thank you for your attention!

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