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Europe and the Belt and Road Initiative : Responses and Risks (2017)

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Abstract

This book mainly analyzes the responses to the Belt and Road initiative from EU institutions and European elites and the risks of this initiative in Europe. It is the successive volume of the 2015 version of the book “Europe and the Belt and Road Initiative” written by the author. This book is made up of four parts: the first part is about the responses to the Belt and Road Initiative from EU institutions and European countries; the second part is the survey on European elites’ opinions on the Belt and Road initiative; the third part is about the risks on the layout and construction of the Belt and Road initiative; the fourth part is the policy suggestions on the construction of the Belt and Road initiative in Europe.

The First Part: When China put forward the Belt and Road Initiative in 2013, EU institutions experienced from “waiting and seeing ”at the initial stage to gradually involving afterwards, however, its suspicion to the initiative still existed. As far as European countries concerned, generally speaking, the Central and Eastern European countries are active and the Western European countries are not active; the EU members are active and the EU institutions are not so active; the official attitude from the EU looks active and the implementation is not so active. The EU’s screening on the construction of the Hungary-Serbia Railway testified its suspicious feelings. The most optimistic and active supporters to the Belt and Road initiative are from Central and Eastern European countries. After the Belt and Road Forum for International Cooperation held in 14 and 15 May in 2017, most of the Central and Eastern European countries signed the Memorandum of Cooperation on the Belt and Road initiative with China. In spite of some misunderstandings existing in these countries, the general situation is favorable.

The Second Part: It is the second time for the author to conduct the survey on European elites' opinions on the Belt and Road initiative after 2015. Comparing to 2015, it can be concluded in the 2017 survey that, European elites' understanding of the Belt and Road initiative is basically accurate and objective, but lacking of full knowledge of some subjects; The elites attach more importance to the China-EU cooperation mechanism, especially to the special international coordinating mechanism when both sides were promoting the cooperation under the framework of the Belt and Road initiative; The elites also show comprehensive concerns on the People to People exchange within the framework of the Belt and Road initiative among which the most important three aspects including Policy Coordination, Facilities Connection and People to People Exchange. When talking about the infrastructure construction cooperation, the elites argue that the synergies with different initiatives are most difficult, and at the same time, whether the level of China's infrastructure construction capacities could reach the EU standard is also a challenge. What's more, the standards and regulations' mutual recognition between China and EU is an another trouble. More than one half of the elites think that, up to now, the effect of the promotion of trade and investment between China and EU is relatively good. "Limited areas of trade and unbalanced trade structure" and "certain investment and trade barriers" are the main two challenges facing both sides; elites still hold the high expectations towards Chinese financial institutions and take a very obvious low expectation towards some multilateral international financial agencies such as World Bank and Asian Development Bank when promoting the China-EU infrastructure construction.

The Third Part: the book analyzes the risks of the Belt and Road initiative in Europe from the dimensions of general international situations and case studies. The general international risks include: the unstable risks of the EU, populism and trade protectionism prevail increasingly in Europe and the US, the mutual sanctions between Europe and Russia impedes the Eurasian trade's interconnectivity, the Ukraine Crisis triggered the Geopolitical conflicts of Eurasia, the problems of immigration and refugees haunts Europe and the Balkans,

the competition between Road Transport and Sea Transport, the competition between China and Russia on the construction of Eurasian corridors, and possible ideological confrontations between China and EU. The case studies include: the risks of media' misguiding—the cooperation between Chengdu and Lodz, the risks of enterprise' ill-management—Liugong's acquisition to HSW, the risks of blindly entering to the market—the construction of Poland A2 highway, the risks of EU's interference—China's enterprise' building of Hungary-Serbia railway, the risks of blindly competitions—the China-Europe Express, and the risks of political turbulence—COSCO's acquisition to Piraeus Port of Greece. The book also use the Changhong Czech as an example to show the importance of localization.

The Fourth Part: this part is about the policy suggestions. It emphasizes that, Firstly, we should adopt a reasonable and proper way to deal with the European countries' responses, especially some negative responses. Secondly, pragmatically and objectively dealing with the EU's screening on the Belt and Road project. Thirdly, it is very necessary to promote the profound and reasonable publicity of the Belt and Road initiative. Fourthly, grasping properly the principles of dealing with the crises and risks. Fifthly, ensuring to take specific but not general measures, one country one policy, one problem one solution to manage the risks.

Key Words: The Belt and Road Initiative; Questionnaire Survey; Crisis Prevention; Policy Suggestions

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Preface

Since 2013, the author has visited European countries for many times to investigate the European's responses to the Belt and Road Initiative. Especially in 2015, the book *Europe and the Belt and Road Initiative: Responses and Risks* was published by China Social Sciences Press (CSSP), which was included in the project of "National Think Tank". The publication of the book has attracted a lot of attentions, becoming a reference book for domestic and international academic community to understand the implementation of the Belt and Road Initiative in Europe.

In 2016, this book was awarded as "Outstanding National Think Tank Report" by the Chinese Academy of Social Sciences. In order to make this book more widely known to academics, the English version of this book was published by CSSP in 2016, which was displayed at the closing ceremony of China-CEEC People to People and Cultural Exchange Year in December 2016.

After that, this book (Chinese and English version) became one of the achievements shown in London International Book Fair by CSSP in March 2017. Moreover, the book was awarded to the Important Research Prize of Innovation Project by the Chinese Academy of Social Sciences in 2016.

The author believes that the reasons why this book has received widely coverage are that, it meets the demand of the national strategies and promptly reflects the Europe views on the Belt and Road Initiative. It is also a monographic and timely achievement which focuses on the correlation between Europe and the Belt and Road Initiative. All these above mentioned make this book win widely attentions.

After being published in 2015, the basic content of the book was not updated since the strong timeliness of the book topic, and it is published again

in 2017 on the basis of the former version. The new edition incorporates the latest developments and new analyses, which is still based on a series of the latest research results gained by the author. The author intends to continue to update the research results and make them published. From the end of 2015 to 2017, the author visited a number of countries to organize or participate in a number of international academic seminars. During this time, he investigated and interviewed a number of representatives from political, business, academia and media, obtaining many first-hand materials, thus laying the foundation for the publication of the new book. According to the interview materials, the author focuses on the responses to the Belt and Road Initiative and the related risks from the end of 2015 to the first half year of 2017, and provides relevant policy suggestions.

This book, relying on field research and interviews, is based on the annual questionnaire about the Belt and Road Initiative conducted towards national elites from Europe. In addition, the risk assessment is the main content and characteristic of the book, and the policy recommendation is the highlight of the report. The book intends to provide a theoretical and practical reference for the layout of the Belt and Road Initiative in Europe.

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Chapter One

European Countries' Response to the Belt and Road Initiative

I. The overall progress of the Belt and Road Initiative and the involvement of Europe

In 2013, President Xi Jinping proposed with the international community to jointly build the “Silk Road Economic Belt” and “21st century Maritime Silk Road”. Since then, the Belt and Road Initiative has gradually made positive progress in all aspects. As the sponsor of the Belt and Road Initiative, China has made a series of efforts to ensure it to be proceeded in an orderly manner. However, the European side presents a variety of complex feedbacks towards the Belt and Road Initiative. In the following texts, the author summarized China’s achievements of the Belt and Road Initiative in the past two years and the cooperation between China and the EU in terms of the Belt and Road.

First, China continues to improve the top-level design and promote the policy synergies between China and EU.

On March 28, 2015, the National Development and Reform Commission, the Ministry of Foreign Affairs and the Ministry of Commerce jointly issued the *Vision and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road*, and elaborated on China’s specific ideas. Moreover, they made the overall arrangements for the Belt and Road Initiative. After the initiative was put forward, the European countries made different responses. Generally speaking, the Central and Eastern European countries and some Southern European countries responded more positively, while the EU institutions were in a state of waiting and seeing. In June 2015, Premier Li Keqiang visited Brussels to attend the China-EU summit, and the two sides

made further discussion about the synergy between the Belt and Road Initiative and Juncker Investment Plan, and jointly establishing a connectivity platform and a series of other initiatives. The EU began to involve the Belt and Road Initiative instead of waiting and seeing. European Commission President Juncker also publicly expressed his willingness to promote the synergy between the Juncker Investment Plan and the Belt and Road Initiative.

On September 28, 2015, the fifth China-EU High Level Economic and Trade Dialogue was held in Beijing. Vice Premier Ma Kai of the State Council and Vice President of the European Commission Katainen Jyrki jointly presided over the dialogue. Both sides focused on the theme of “promoting two-way investment and facilitating bilateral trade from a strategic point” to conduct in-depth exchanges, and reached a broad consensus on the synergy between the Belt and Road Initiative and the European investment plans, the China-EU investment agreement negotiations, cooperation in digital economy and so on, and made positive progress. Especially in terms of the synergy between the Belt and Road Initiative and the Juncker investment plan, both parties agreed to set up a working group to study on the specific proposal for establishing the China-EU Common Investment Fund. The two sides signed the *Memorandum of Understanding on the Establishment of China-EU Connectivity Platform*. The EU encouraged China to deepen the cooperation with the European Bank for Reconstruction and Development (EBRD) and was willing to launch relevant negotiations on China's membership in EBRD in accordance with the existing regulations and procedures.

On June 29, 2016, the first high level meeting of the China-EU Connectivity Platform was held in Beijing. The Chinese delegation was headed by Xu Shaoshi, President of the National Development and Reform Commission, and was composed of personnel from the Ministry of Transport, the General Administration of Customs, the Railway Administration, the Civil Aviation Authority, the Railway Corporation and the China Development Bank. The European delegation was headed by the EU Commissioner of Transportation, Violeta Bulc, and was composed of personnel from the General Directorate

of Transport of the European Commission, the EU delegation to China and the European External Action Agency. At the meeting, the Working Group reported the progress of the work of the platform and future proposals for cooperation and submitted a list of priority actions for the working mechanism and demonstration projects to be deliberated by the chairmen of both sides. After the meeting, the two sides signed a meeting minutes. The two sides will continue to promote China-EU connectivity cooperation in accordance with the agreed matters.

The first experts panel meeting of China-EU Connectivity Platform Investment and Financing was held in Beijing from 24 to 25 November 2016. The two sides focused on the list of priority actions of the China-EU Connectivity Platform demonstration projects to discuss the progress and the financing model. Furthermore, they studied the financing support policies and the future cooperation opportunities.

Second, China promotes the formation of a series of international consensus and has signed Memorandum of Cooperation on the Belt and Road Initiative with a number of European countries. So far, more than 100 countries and international organizations have expressed their support and wills to participate in the Belt and Road. China has signed more than 40 cooperation memorandums or agreements with the countries and international organizations participating in the Belt and Road Initiative, and actively promotes the preparation of bilateral cooperation planning with some of them. In Europe, the Central and Eastern European countries, driven by the “16+1 Cooperation” framework, have shown a positive momentum with a total of twelve countries signing Memorandum of Cooperation on the Belt and Road Initiative with China, accounting for most of the 16 countries in Central and Eastern Europe, which was the most active region in Europe. In Western Europe, the United Kingdom signed the Memorandum of Cooperation with China, becoming an important representative to support the Belt and Road, and furthermore, the United Kingdom took the lead to join the Asian Infrastructure Investment Bank initiated by the China, thus promoting the China-Britain cooperation in the Belt

and Road Initiative to a new height.

Third, China has established a set of supporting and guaranteeing systems, and the cooperation of China and the EU on specific areas of the Initiative has been advanced. China has set up a leading group to promote the construction of the Belt and Road Initiative, whose secretariat office is put in the National Development and Reform Commission. The relevant departments have generally established leadership system and working mechanism, and a number of special plans have been launched. In addition, the leading group has offered guidance for the promotion of important projects in the Belt and Road Initiative. On October 8, 2016, the leading group office of the Initiative printed and distributed *Development Plan of China-Europe Express (2016-2020)*, making a full deployment of the construction of China-Europe Express. The plan is committed to providing a systematic solution to the problems in the operation of China-Europe Express, promoting the trade connectivity between China and Europe.

Fourth, China has adopted a series of important measures, and Europe has become an important participant. China took the lead in the establishment of the Asian Infrastructure Investment Bank, set up a special fund supporting the implementation of the Belt and Road Initiative and increased the fund for China's foreign trade and preferential loans to foreign countries. Meanwhile, China actively offered business-oriented policy guidance and information services. Britain, France, Germany, Italy and other major countries in Western Europe have joined the Asian Infrastructure and Investment Bank, which strengthened the basis for cooperation. Moreover, in Central and Eastern Europe, Poland has joined the Bank, and Hungary is the second batch of members to join the Bank. In addition, China has set up 10 billion credit lines to Central and Eastern European countries and China-Central and Eastern European Investment Fund for these countries, which facilitated the cooperation between China and European countries under the framework of the Belt and Road Initiative.

Fifth, China has gained a number of important early achievements, and

the construction projects in Europe have attracted much attention. China and Pakistan economic corridor construction has obtained early results, and the amount of the signed contracts has reached to nearly 46 billion US dollars. The construction of the leading section of Indonesia high-speed rail has been started, and China-Laos railway project has been launched. At the same time, the launching ceremony of China-Thai railway and Hungary-Serbia railway have been held. Besides, international cooperation in industry capacity has made positive progress. The investment in China-Kazakhstan industry capacity cooperation agreement has been over 23 billion US dollars, and the China-Belarus industrial park has been fully started. In Europe, the south line and north line of the Belt and Road Initiative layout have attracted wide attention, in which the south line refers to the China-Europe Land and Sea Express Passage (Hungary-Serbia railway is one of the important part of it), and the North line refers to China-Europe Express.

In the advancing process of the Belt and Road Initiative, China's policymakers insist on continually summing up former experience and ensuring that this initiative will continue to be effectively promoted.

On August 17, 2016, Xi Jinping, General Secretary of the Communist Party of China Central Committee, puts forward new goals and implementation ways for the development of the Belt and Road Initiative in new period, at the Great Hall of the People in Beijing. He suggested that we should sum up experience and pursuit for solid progress confidently; focus on policy coordination, facilities connectivity, unimpeded trade, financial integration and people-to-people bond; make efforts on building mutually beneficial cooperation network, new cooperation model, multiple-platform; concentrate on building green, healthy, intellectual and peaceful Silk Road. We should carry forward the "nails" spirit to move the development of the Belt and Road Initiative ahead, and benefiting the people neighboring the Belt and Road.^①

^① EU investigate the Hungary-Serbia Railway, <http://international.caixin.com/2017-02-22/101058017.html>.

In order to collect consensus, the Chinese government held the Belt and Road Forum for International Cooperation in May 2017 in Beijing, which was designed to build a long-term stable dialogue platform of high-standard and deliver a correct interpretation of the core values of the Belt and Road Initiative to international community. Meanwhile, it aims to make in-depth discussion of the road map and action plan with related countries to form concerted efforts, and to strengthen the communication, exchanges and consultation with them and international community, thus laying the foundation and providing the direction for all-round pragmatic cooperation. Representatives of many European countries and regional organizations attended the conference.

II. The responses to the Belt and Road Initiative from the EU institution and its member countries

The feedback from the EU agencies and member states on the Belt and Road Initiative is compounded by the fact that member states have responded according to their own circumstances and aspirations because of the lack of a clear voice on the Belt and Road Initiative at the EU level. In general, the eastern part of Europe is positive while the western part not; the member states are active while the EU institutions not; the official attitude seems positive while the implementation not. For example, Matthew Baldwin, the officer of European Commission for Mobility and Transport, said that “16+1 Cooperation” and the Belt and Road Initiative focused on the construction of transport infrastructure and the accompanying logistics cooperation, which not only could efficiently integrate the regional economic resources to promote the construction of pan-European transport network but also was conducive to accelerating the two-way flow of goods between China and Central and Eastern Europe or even among the whole Europe. Therefore, they could promote the cooperation in capital, production and other aspects of relevant countries, which was in line with the needs of the 17 countries, thus encouraging the development of relationship between China and Central and Eastern European

countries. But in fact, this is only an official expression, in practice, the EU did not match their words with deeds. This situation is related to the complex background of the EU, who is now entangled by populism, terrorism, refugee crisis and Brexit. The EU has been busy enough with their own affairs.

It is precisely because of the above situations, to some extent, the EU's response seems lukewarm and lacking of interest. Although the two sides have tried to promote the synergy between the Belt and Road Initiative and Juncker Investment Plan, the substantive effects remain to be seen. Moreover, the EU has recently strengthened the screening of Hungary-Serbia railway, arousing public doubts on the cooperation on the Belt and Road Initiative between China and Europe.

On March 2017, the Chinese and foreign media reported that EU strengthened the screening of the landmark project, Hungary-Serbia railway, revealing very complex information.^① On the surface, the EU is to maintain their sense of existence by reminding China. In fact, it reflects the obvious different understanding of the Belt and Road Initiative between China and EU from mind to practice.

China has put more emphasis on the macro and strategic cooperation, while the specific content and projects can be followed up according to the situation; the EU adheres to the rules and insists on that the EU rules must be followed before promoting cooperation. They believe that the two sides must have a specific project list and project road map, and then talk about the synergy. In fact, the two sides have never fully formed an agreement on the path of the synergy.

On February 28, 2017, the EU institutions' response on the report of the Chinese media was quite interesting. On the same day, the EU delegation to China replied on recent media reports related to the Belgrade-Budapest railway project:

“Following recent media coverage on the compliance with European

① EU investigate the Hungary-Serbia Railway, <http://international.caixin.com/2017-02-22/101058017.html>.

Union law of the Hungarian section of the Belgrade-Budapest rail upgrade project, some clarifications are necessary.

The EU welcomes investment—whether domestic or foreign—as long as it is compatible with EU laws. Foreign investments as such are not subject to control by the Commission. The Commission is called to analyze the compliance of public projects with any EU law that may be of application and to assess each case by its own merits, regardless of the nationality of the investor in the project.

The EU has not yet taken any action against this infrastructure project. It is the standard practice for the Commission's services to assess the compliance of major public contracts with EU laws. Against that backdrop, a dialogue with the Hungarian authorities, at technical level, is ongoing in order to seek some clarifications. At this stage, the Commission has not formulated any views regarding the project nor taken any position on the matter.

The EU and China have built a deep, strategic partnership, covering a wide range of political and economic issues. We are certain the Chinese leaders understand that the EU must ensure the application of all relevant laws in its territory, just as China does within its borders. In doing so, the EU would like to see China applying in its own procedures the same principles of transparency, non-discrimination and equal treatment, including for foreign companies, that are applied in the EU. The next EU-China Summit will be a new opportunity to demonstrate, once again, the vigor of our partnership and the extent of reciprocal benefits it brings to both sides.”^①

Though it is a very simple response, but contains very complicated information. The differences of two typical actors in behavior pattern, decision-making mechanisms, visions and targets bring a lot challenges to the synergy.

Moreover, at the Belt and Road Forum for International Cooperation, the EU refused to sign a trade document which aroused a hot public debate. For

^① Reply by the EU Delegation to China on recent media reports related to the Belgrade-Budapest railway project, https://eeas.europa.eu/delegations/china/21595/ou-meng-zhu-hua-dai-biao-tuan-jiu-zhong-guo-mei-ti-dui-bei-er-ge-lai-de-bu-da-pei-si-tie-lu_zh-hans.

example, *the Guardian* said, “the EU has dealt a blow to Chinese president Xi Jinping’s bid to lead a global infrastructure revolution, after its members refused to endorse part of the multibillion-dollar plan because it did not include commitments to social and environmental sustainability and transparency.”^①

To sum up, here are the basic reasons why the EU gave complex responses:

First, the EU itself is now indulged in a series of crises, which make it difficult to deal with the Belt and Road Initiative proposed by China. EU is now gripped by four main crises: they are refugee crisis, the Brexit, the Ukrainian crisis and populism. The main tasks for European institutions are to narrow the policy layout, deal with internal affairs. The main purpose for EU is to specifically deal with internal cohesion problem and prevent the Union from falling apart. At present, The EU–China Bilateral Investment Treaty negotiation is in a slow progress which just demonstrates it. Some European think tanks believe that the EU is no longer the former one, the glory has passed forever, it’s hard for EU to return to the heyday of that united and strong EU, and its influences in the world will be weaker and weaker. How to save the EU which prevents its continued declining is the main concern of those people in power.

Second, the EU has different understanding of the Belt and Road Initiative with China. In 2015, during Chinese Premier Li’s visit to Europe, Premier Li seems to have thrown his weight behind the establishment of a joint investment platform for infrastructure cooperation. The EU, however, prefers for China to participate in specific projects and within the general infrastructure framework as set by the EU and now operated by EFSI. While the very existence of this discussion bodes well for the prospect of cooperation, at the moment both sides appear to be locked in a discussion over essentially who gains the ultimate leadership and control over the investment agenda and flows.^② More

① EU backs away from trade statement in blow to China’s “modern Silk Road” plan, <https://www.theguardian.com/world/2017/may/15/eu-china-summit-beijing-xi-jinping-belt-and-road>.

② Dragan Pavlicevic, “China, the EU and One Belt, One Road Strategy”, *China Brief*, Volume: 15, Issue: 15, <https://jamestown.org/program/china-the-eu-and-one-belt-one-road-strategy/>.

importantly, the two sides have different understandings of the synergy. The EU prefers the specific project which is a “bottom-up” cooperation process while China prefers to synergy opinions and framework then turns to the specific project which is a “top-down” cooperation process. All of these factors affect the cooperation process.

Third, the EU shows some concerns about the financial sustainability of the Belt and Road Initiative. China will continue to use kinds of political and financial tools such as Silk Road Fund, Asian Infrastructure Investment Bank, China-CEEC Investment Fund, and 10 billion dollars credit line to maintain the investment in Europe. But it raises the concerns of the EU, whether such huge investment is financially sustainable. In addition, considering the risk of increasing debt burden if governments of EU member states participated in the Belt and Road Initiative projects, the EU institutions inclined to encourage private investment to avoid debt burden in a larger scale on member states.

Fourth, the operation mechanisms of both sides still remain unclear. EU officials concern more if the platforms and projects that China supports can meet the EU's desired governance standards and the technical and environmental requirement of EU law. Especially, they worry about China's investment towards member states will bypass EU's rule, and then “divide and rule” the EU, or influence EU's solidarity and authority.

Fifth, the EU is afraid that China's policy maybe undermine the candidate countries' reform agenda. Michal Makocki analyzed in his article that, China with its sweeping Belt and Road Initiative heralds new roads and railways for the Balkan region. This may provide a boost to the region by connecting it with China's massive market, but it may also challenge the region's relations with the EU, as China-backed projects undermine reforms promoted by the EU.^① China often opportunistically takes advantage of the region's frictions, offering itself as an easy alternative to Western demands for reforms. For example, In

^① Michal Makocki, “China in the Balkans: The Battle of Principles”, Commentary, European Council on Foreign Relations, July 6, 2017.

Bosnia and Herzegovina, most of the benefits of China's largesse accrue to only one region, the Republica Srpska. While its chief, Mr Dodik, has been put on the US sanction list for obstructing the Dayton agreement, China is lavishing him with new highways and power plants. The Belt and Road Initiative brings with it new norms and values, often challenging those of the EU and its governance reform agenda.^①

III. The responses to the Belt and Road Initiative from Central and Eastern European countries

Since the promotion of "16+1 Cooperation" framework, cooperation between China and 16 CEE countries grows rapidly. And the proposal of the Belt and Road Initiative improves 16 Central and Eastern European countries' position in China's foreign strategy. All 16 countries are included in the Belt and Road Initiative cooperation framework, and most of them show strong interest in cooperation. But there exist a lot of problems and challenges in implementation of the Belt and Road Initiative in Central and Eastern Europe, which embody three aspects. First, 16 countries in Central and Eastern Europe differ from each other, they have different expectations for the Belt and Road Initiative. Second, all these countries are pragmatic, they hope to achieve practical results in their country as soon as possible. Third, some countries simply consider that the Belt and Road Initiative is proposed to support local infrastructure construction, and hope China to invest as the only contributor.

1. Typical views of Central and Eastern Europe Countries

(1) Positive opinions

- a. The Belt and Road Initiative will be a new example of globalization,

^① Michal Makocki, "China in the Balkans: The Battle of Principles", Commentary, European Council on Foreign Relations, July 6, 2017.

regional integration and connectivity

Serbia which is relatively in favor of China's Belt and Road Initiative positively comments on the initiative. Doctor Jovan Cavoski from Institute for Recent History of Serbia interprets the origin, development, strategic thinking and fundamental basis for practical operation of China's Belt and Road Initiative. He believes that if everything goes well, the Belt and Road Initiative will be a successful story of integration and connectivity and will provide countries along this route with valid development approach. China actively responds to the quickly shifting geopolitical situation by using historical and cultural background in establishing a competitive advantage and mutual loyalty inside this growing international network. As time goes by, historical and cultural context and its significance could prove to be important to the Belt and Road Initiative, setting up a strong person-to-person foundation that could be a more lasting legacy for the prosperous future of Eurasia than just road, railway or factory. After all, it's the people who create history and cherish it for generations; culture defines them as individuals and as members of a wider community, while lasting impact of certain processes also depends on people's appreciation of history. China has grasped a new historical opportunity to set off a new wave of globalization which essentially differs from the previous one in its scope, goals, openness and essence.^①

b. China is a benign super-power, the Belt and Road Initiative has positive impact on promoting regional security

Countries in Balkan region pay more attention to what impact the Belt and Road Initiative can produce for the regional security. Miloš Šolaja, professor of the University of Bania Luka of Bosnia and Herzegovina emphasized the

① Jovan Cavoski, "One Belt and One Road" Strategy as a New Historical Opportunity for China's Foreign Policy, from Dusko Dimitrijevic edited, *Danube and the New Silk Road*, Thematical Proceeding from the International Scientific Conference: *Danube in the Function of the New Silk Road*, Belgrade, June 17, 2016.

positive impact of China to the security in Southeastern Europe.^①

Šolaja considered the changes of China in recent years as a transition from “benign power” to a “benign super-power”. In his view, China has become the active actor in the global security. Its role is based on principles of cooperation, good neighborhood, multilateralism and others, building trust and good bilateral relations with other countries. In the future, China will insist on peaceful development and opening up strategy, promoting idea of harmonious world to realize common prosperity. Šolaja said that China will adhere to the principle of mutual trust and benefit, equality and coordination, and will resolve international disputes through peaceful means, advance dialogues on security cooperation with other countries, oppose engagement of military alliances and expansion.

Šolaja focused on the relationship between China-Danube and regional security, in his view, the Belt and Road Initiative or the “New Silk Road” possess attraction at security level. From the relationship between China and Europe, China always adheres to pragmatic approach to developing bilateral relationship from partnership to strategic partnership. China now is constructing its own safety framework all over the world through peaceful development and economic aid.

As part of global economic interests, China is extending its security horizons. Security and stability in Central, Eastern and Southeastern Europe, as well as the Wider Black Sea Region is an important part of the global security. In order to provide stability in these traditionally unstable and conflicting regions, countries in this region intend to provide markets for Chinese trade and economic cooperation. Stability in these regions helps to protect Chinese investments, the security of new trade gateway which China hopes to establish and the personal safety of Chinese oversea citizens.

① Milos Solaja, Impact of the Chinese Presence to Regional Security in South-Eastern Europe and Danube Region, from Dusko Dimitrijevic edited, *Danube and the New Silk Road*, Thematical Proceeding from the International Scientific Conference: *Danube in the Function of the New Silk Road*, Belgrade, June 17, 2016.

In Šolaja's view, the prediction is that China will be a benign super-power comes from its strong economic power, but without the support from the political sphere, economic prosperity cannot be sustained, without the guarantee of security situation and military power, the political protection cannot sustain. Regional security in Danube and South East Europe is important to the entire "New Silk Road", and those unstable regions are black holes to the "New Silk Road". China must realize the huge influence it has in this region, as a result China need to pay enough attention to this region when making its political and security policy and protect its investment and economy. The "16+1 Cooperation" framework provides cooperative opportunities in economy, policy and other fields for Southeastern Europe and Danube region: the cooperation will improve the strategic safety and stability of this region as a precondition for the peaceful sustainable development.

c. The Belt and Road Initiative becomes a new bond for bilateral cooperation

Most countries in Central and Eastern Europe support the Belt and Road Initiative because it offers new gripper for bilateral cooperation and becomes a new bond for bilateral cooperation. Przemysław Żurawski vel Grajewski, vice president of Administration Committee of Polish Institute of International Affairs, member of Polish National Development Council, member of Cabinet, expressed his view at the China-Poland Think Tank Symposium in June, 2016, Poland. He considered the cooperation between China and Poland under the Belt and Road Initiative as relatively good, Poland focuses on China's Belt and Road Initiative because this initiative is closely connected with Poland's development, and the China Railway Express from Chengdu to Lodz is a successful symbol of cooperation. Partryk Kugiel, Senior researcher of Polish Institute of International Affairs also expressed his view that the layout of Belt and Road Initiative in Central and Eastern Europe not only improves Chinese image and impact on this region, but also benefits Poland. Over the past few years, Poland has achieved great progress in regional and bilateral diplomacy. Considering the Belt and Road Initiative implemented in Central and Eastern

Europe, it's a precious window opportunity for the two big countries in Asia and Europe to cooperate with each other.^①

(2) Neutral opinions

a. China needs to deal well with the relationship with major geopolitical competitors

Milomir Stepic from Serbian Institute for International Politics and Economics and Ivan Zaric from Ministry of Defense of Serbia expressed their opinions^② that China's Belt and Road Initiative may have conflicts with geopolitical strategies of major powers like USA, Russia, Europe Union and India. The Central and Eastern Europe is an important region of Belt and Road Initiative construction, and this region has always been the stage of overlapping and conflicting strategies of the world major powers with complicated geopolitical pattern, which is a great challenge for China. From EU's aspect, the Danube Strategy is an instrument to strengthen its geopolitical influence, the construction of the Belt and Road Initiative will bring impact to the European Union, especially to Germany. How to deal with the complex geopolitical relationship in the Danube and Balkan region for China in the future? Whether China will jointly construct the region with other major powers or become the only stakeholder by replacing those traditional powers? This needs further consideration and confirmation by Chinese government.

b. China should enhance political and military protection on the Belt and Road Initiative

Miloš Šolaja, professor of Faculty of Political Sciences, University of Bania Luka pointed out that China has economic and security interests in the Central and Eastern Europe. Economic interests encompass the trade and

① From "Poland-China Foreign Policy Forum: Progress, Potential and Way Forward", hosted by 16+1 Think Tanks Network and Polish Institute of International Affairs, Warsaw, Poland, 20 June, 2016.

② Milomir Stepic and Ivan Zaric, Serbia and Geopolitical (Non) Complementarity of the Danube Strategy and the New Silk Road, from Dusko Dimitrijevic edited, Danube and the New Silk Road, Thematical Proceeding from the International Scientific Conference: Danube in the Function of the New Silk Road, Belgrade, June 17, 2016.

investment, energy cooperation, enhancing the construction of infrastructure to improve conditions for logistics and making use of local labor force. Security interests include promoting the security and stability of the Central and Eastern Europe and the Black Sea Region, avoiding traditional regional conflicts, protecting trade passages which were newly built and protecting the safety of Chinese citizens. The “16+1 Cooperation” proposed by China has hidden danger in security: some countries in Central and Eastern Europe countries are already or going to be a member of NATO. Considering the interests of China in this region, China needs safeguard from political sphere and protection from military sphere; when making decisions on politics and military, China needs to pay enough attention to these aspects.^①

On 25 April, 2016, Witold Waszczykowski, Minister of Foreign Affairs in Poland, emphasized security as an indispensable condition to implement the Belt and Road Initiative when delivering a speech in Chinese Academy of Social Sciences. The land bridge across the Europe and China should be built on a basis of a reliable stanchion. If conflicts between Ukraine and Russia went on, it would seriously damage the implementation of the Belt and Road. Ukraine can be an important bridge between Asia and Europe, especially because it can connect Poland and the countries in the Baltic Sea with China, but the question was that the geopolitical crisis in Ukraine can't be solved in a short term.^② Przemysław Grajewski, member of Poland Cabinet, also emphasized at the Poland-China Think Tank Forum that, Poland is the biggest country in the Central and Eastern Europe and is close to Ukraine. The Belt and Road Initiative needs to go through Russia, Ukraine and Poland, then arrive in Europe, and Poland has crucial importance to the construction of the initiative, but the risks of security in this region gradually grow. Only the two sides work

① Milos Solaja, *Impact of the Chinese Presence to Regional Security in South-Eastern Europe and Danube Region*, from Dusko Dimitrijevic edited, *Danube and the New Silk Road*, Thematical Proceeding from the International Scientific Conference: *Danube in the Function of the New Silk Road*, Belgrade, June 17, 2016.

② From the Speech given by Minister of Foreign Affairs of Poland, Witold Waszczykowski at the Chinese Academy of Social Sciences, April 25, 2016.

together and find the way to resolve the risks, the cooperation can be effective. But it seems that the solutions offered by the Belt and Road Initiative to security problems are not enough.^①

(3) Misunderstanding opinions

a. The Belt and Road Initiative hasn't made progress as expected in the countries in Central and Eastern Europe, they hold too high expectation towards this initiative

Some countries along the Belt and Road expect relatively high to the initiative, but with different distributions and progress of projects in different countries, disappointment feelings emerge. On June 20, 2016, at the Poland-China Think Tank Forum held in Warsaw, some Polish scholars expressed their view that countries in Central and Eastern Europe have high expectation on the Belt and Road Initiative, especially in the fields of infrastructure construction, logistics and investment, but in fact the role of countries in Central and Eastern Europe is limited, they haven't acquired expected big-scale investments from China and the growth of trade which both sides expected hasn't been realized. Though China has published a lot of suggestions, few of them got implemented and promoted.^② Patryk Kugiel, senior researcher of Polish Institute of International Affairs, expressed his opinion in the international seminar held in Warsaw. He thought that Polish government always expected too much of the Belt and Road Initiative, if the high expectation can't be realized, it will lead to catastrophic consequences and Poland will lose its interests in cooperation. Polish media gave out their warning, "Poland should not be over-optimistic to the cooperation under the framework of the Belt and Road Initiative; Poland should keep a cautious attitude. The main partners of the Belt and Road Initiative are countries in Asia, Africa and Western Europe, not countries in Central and Eastern Europe; we only play a role of connectivity. For example,

① From "Poland-China Foreign Policy Forum: Progress, Potential and Way Forward", hosted by 16+1 Think Tanks Network and Polish Institute of International Affairs, Warsaw, Poland, June 20, 2016.

② Ibid..

Poland has been a member of Asian Infrastructure Investment Bank, many enterprises in Poland think that they can get investments from AIIB, but this hasn't become a reality.”^①

b. Many countries in the world including countries in Central and Eastern Europe have put forward many initiatives, and China proposed to synergize these initiatives, but in fact some of the initiatives compete with China's initiative, it's hard for China to synergize so many initiatives

China's proposal on synergizing the Belt and Road Initiative with initiatives of relative countries and regions is a characteristic idea to promote the Belt and Road Initiative which motivates the cooperation enthusiasm of countries along the Belt and Road. But some scholars in Central and Eastern Europe doubt this, they think that countries in Central and Eastern Europe have put forward many cooperative initiatives in synergy with the Belt and Road Initiative, such as the Danube Strategy, the Baltic Sea Strategy and the Juncker Investment Plan raised by European Union, Eurasian Economic Union raised by Russia, and development plans launched by other countries in synergy with the Belt and Road. China will be overburdened by so many initiatives which will make the Belt and Road Initiative layout in Eurasia discontinuous. Some countries in Central and Eastern Europe consider the concept of the Belt and Road Initiative unclear, many synergized projects are not actually admitted by China as the Belt and Road Initiative projects, it is either the wishful thinking of the countries in Central and Eastern Europe or the wishful thinking of China. The synergy of projects, especially big projects, is not an easy thing but full of difficulties.

c. The Belt and Road Initiative has made China a new player of geopolitics in Central and Eastern Europe

It is common for Central and Eastern European Countries to interpret the Belt and Road Initiative from the perspective of geopolitics, especially for

^① From “Road to Riga: New Ideas for China-Central Europe Enhanced Cooperation”, hosted by Polish Institute of International Affairs and China Institute of International Affairs, October 28, 2016.

some countries in the Baltic and the Balkan Peninsula. On June, 2016, in the international academic seminar on “Danube and the New Silk Road”, when talking about the Balkan Peninsula—the sensitive geopolitical region, some scholars from Serbia clearly pointed out that China will actively get involved in this region and become a new geopolitical competitor.^① China’s intervention has increased the sensitivity of the Balkan region: this is the disputed zone between Russia and Europe, *the Iron curtain* in Cold War, a line of division between Western and Eastern civilization, three out of four “fields” of *the Eurasian chessboard*, the *New Europe*—new definition from Rumsfeld, the *Gateway region* and *Shatterbelt* from Koen. In their view, the “geopolitical attraction” of the Balkan region will draw attention from China—the new and future leading power, it’s sure that China will be a new geopolitical player involved in the geopolitical competition.

d. The financial tools created by the Belt and Road Initiative should fully support the Belt and Road Initiative projects and boost the promotion of these projects, but it seems that the support is not enough

Whether the Asian Infrastructure Investment Bank or the Silk Road Fund, the fund that invested in countries in Central and Eastern Europe on connectivity is relatively small since the two tools were set up, and can’t solve the connectivity problems in Europe and Central and Eastern Europe. Now, all sides are actively discussing the connectivity platform between China and Europe, the Juncker Investment Plan in synergy with the Belt and Road Initiative and other issues. But it needs a long term to get practical achievement, and maybe it can’t succeed. The role of countries in Central and Eastern Europe is still limited, especially in the fields of infrastructure construction, logistics and investment, they also haven’t acquired expecting big-scale investments from

① From Dusko Dimitrijevic edited, *Danube and the New Silk Road*, Thematical Proceeding from the International Scientific Conference: *Danube in the Function of the New Silk Road*, Belgrade, June 17, 2016.

China and haven't seen big projects and flagship projects.^①

e. The Belt and Road Initiative aims to promote the connectivity of trade, but can't solve the problem of trade deficit

The concern is mainly from Poland, a representative of Ministry of Foreign Affairs of Poland said that the trade deficit between China and Poland hasn't been alleviated, but is still on the rise. The increasing trade deficit makes Poland consider the damage of imbalanced trade relationship to the bilateral relationship. They hope China will solve the problem, expand Poland's export to China, and increase China's investment to Poland. They hope the Belt and Road Initiative can contribute to the solution of this kind of deficit, and deliver Polish products to China.^②

2. The specific responses from some countries in Central and Eastern Europe

Representatives from the countries in Central and Eastern Europe consider the Belt and Road Initiative as an important opportunity to develop the bilateral relationship between China and countries in Central and Eastern Europe, and all these countries hope to enhance the exchange and cooperation on economic and trade, investment, infrastructure construction and people-to-people exchanges under the Belt and Road Initiative. The "16+1 Cooperation" offers a significant platform for bilateral cooperation on the above fields, relevant countries should explore how to play the role of this platform in the future.

But different countries in Central and Eastern Europe have different requirements for the Belt and Road Initiative. For example, representatives from Serbia welcome Chinese investments and hope China will increase the investment on transportation and energy infrastructure construction, they also

① From the International Forum "China's One Belt and One Road Initiative and Central Europe", hosted by 16+1 Think Tanks Network and Institute of International Affairs in Prague, March 23, 2016, Prague, Czech Republic.

② From "Road to Riga: New Ideas for China-Central Europe Enhanced Cooperation", hosted by Polish Institute of International Affairs and China Institute of International Affairs, October 28, 2016.

hope China will adopt a financing pattern in line with national conditions of Serbia. Representatives from Latvian enterprises believe that Latvian logistics industry has great advantages and potential, they hope China pay more attention to and invest in the logistics industry of Latvia. Representatives of Macedonian government think that Macedonia can further cooperate with China on equipment manufacturing industry, they also welcome China to participating in Macedonian transportation infrastructure construction. Representatives from Bulgaria hope China will invest to their manufacturing industry in order to develop relevant industries. Representatives from Slovakia think that their enterprises are subject to the industry chain of transnational corporations in Western Europe, and they hope China will invest in their manufacturing enterprises in order to enhance the vitality of Slovakia manufacturing industry. Overall, the representatives of countries in Central and Eastern Europe actively make use of the “16+1 Cooperation” mechanism under the Belt and Road Initiative to gain China’s investment, Serbia and Macedonia in western Balkan show high interests on China’s investment to infrastructure construction, while countries in Central Europe prefer China to invest in their manufacturing industry.

The author selected some countries to explain their specific requirement in this book.

(1) Poland

The Polish government pays relatively more attention to the Belt and Road Initiative. Poland not only signs the memorandum on the Belt and Road cooperation with Chinese government, but also it’s the first country in Central and Eastern Europe to participate in the Asian Infrastructure Investment Bank. Considering the geographical advantage of Poland as the only way that must be passed to construct the Silk Road in Europe, the start of China Railway Express from Chengdu to Lodz promotes the trade cooperation between the two sides at the local level.

Przemysław Żurawski vel Grajewski, vice president of administration committee of Polish Institute of International Affairs expressed that the

cooperation between China and Poland under the Belt and Road Initiative in the future would be relatively good. Poland now focuses on China's New Silk Road Strategy because this strategy is closely connected with the development of Poland, and the success of China Railway Express from Chengdu to Lodz is an example of cooperation. At present, there are numerous trains departing from China and arriving in Lodz every year, as huge progress has been achieved. Poland is the biggest country in Central and Eastern Europe with good location, the construction and development of the Belt and Road Initiative need to go through Russia, Ukraine, pass the Poland and then arrive in Europe, and Poland is a crucial country in Belt and Road Initiative construction.^①

Head of Asia-Pacific Department of Ministry of Foreign Affairs of Poland, Kołodziejcki, also said that the cooperation between China and Poland under the Belt and Road Initiative makes the two countries view issues in a global perspective. The Belt and Road Initiative is important for cooperation between China and Poland, the Central and Eastern Europe and the entire European Union. Both China and Poland are interested in the development of peace and stability, the construction of the Belt and Road Initiative requires a stable environment, political and economic interests along the Belt the Road is complex and interlaced, and the regional peace and stability proposed by China and Poland will be welcomed by the whole world. Poland is willing not only to actively participate in the "Silk Road Economic Belt" through railway transportation, but also actively participate in the construction of "Maritime Silk Road". The "16+1 Cooperation" can't involve all aspects of bilateral cooperation, China and Poland can cooperate with each other under other different frameworks and platforms, so the cooperation of the Belt and Road Initiative can be strengthened on different dimensions.^②

Senior researcher of Polish Institute of International Affairs, Partryk Kugiel expressed his view that the entrance of Belt and Road Initiative in Central

① From "Poland-China Foreign Policy Forum: Progress, Potential and Way Forward", hosted by 16+1 Think Tanks Network and Polish Institute of International Affairs, Warsaw, Poland, June 20, 2016.

② Ibid..

and Eastern Europe not only moved on improving Chinese image, but also benefited Poland. Over the past few years, Poland has achieved great progress in regional and bilateral diplomacy with China which brings opportunities for China-Europe cooperation. Meanwhile, he pointed out that the construction of the Belt and Road Initiative would face challenges and risks which need to be resolved carefully. Firstly, China has a high expectation of the Belt and Road Initiative, but Poland expresses cautious optimism, many Polish media consider the Asia, Africa and Western Europe as major regions of cooperation partners without Central and Eastern Europe, they think Poland should not expect too high of the Belt and Road Initiative. For example, Poland has joined the Asian Infrastructure Investment Bank, many Polish enterprises think that they can get fund from AIIB, but until now, all these expectations haven't come into a reality which disappointed them a lot. Secondly, Poland adheres to the rules of European Union as a member of EU, and China didn't take the restriction of rules of European Union into consideration in many investments which led to bad results. If Chinese enterprises consider the Polish investment rules too strict, they may prefer Balkan and African regions. Besides, at the international level, China usually has conflicts with USA due to different views and interests, as an ally of USA, it's difficult for Poland to choose side when the two countries confront with each other. Finally, the communication between China and Poland is lacking of information, the mutual understanding is not there.^①

(2) Serbia

Scholars from Serbia expressed that the Danube is pivot of Central and Eastern (Western) Europe and it's also the tool of European Union (and NATO) for geopolitical expansion. The New Silk Road Strategy has a cross-section with the Danube Strategy, the connectivity of the Aegean Sea and the Baltic Sea Plan relies on the Silk Road Economic Belt and 21st Century Maritime Silk Road, and if Morava River, Vardar River, Belgrade and the Piraeus

^① From "Poland-China Foreign Policy Forum: Progress, Potential and Way Forward", hosted by 16+1 Think Tanks Network and Polish Institute of International Affairs, Warsaw, Poland, June 20, 2016.

Port of Greece acquired by China connect into a line, it will have strategic significance.

Edita Stojić Karanović and Dejan Jolović pointed out^① that the middle course of the Danube has huge amount of natural resources which are the basis of transnational cooperation projects and regional cooperation. The advantages and characteristics of the middle course of the Danube are the lower economical costs of waterway transport, strong capacity of transportation, the relatively reduced environmental impact, the relief for road and railway infrastructure and the low infrastructure investment costs. They expressed that Serbia is a key regional center for China to enter the European market, and it can help China overcome trade barrier. By developing a secure and efficient network of land, sea and air passages, Serbia can further participate in the Belt and Road Initiative. Serbia hopes to further enhance the bilateral trade and to establish a China-CEEC association on transport and infrastructure cooperation in Serbia. Besides, the two sides can also cooperate in areas of agriculture, shipbuilding, logistics and transport, infrastructure and tourism. In general, the role of the Danube with the amount of natural resources in economy, politics and geopolitical strategy needs to be further explored. The Danube is the symbol of communication and cooperation and it also represents a historic and culture heritage shared by the countries along the river, and it's also the complementary to the Silk Road Spirit of "peace and cooperation, openness and inclusiveness, mutual learning and mutual benefit". All connections between countries in Central Europe and Eastern Europe are not mutually exclusive and the two sides do not have to generate regional rivalry, but they can support with each other to avoid competition in fighting for Chinese investments.

Doctor Marina Babic Mladenovic from Jaroslav Černi Institute, Belgrade

① Edita Stojić Karanović and Dejan Jolović, Danube's Contribution to the New Silk Road and the Position of Serbia, from Dusko Dimitrijevic edited, Danube and the New Silk Road, Thematical Proceeding from the International Scientific Conference: Danube in the Function of the New Silk Road, Belgrade, June 17, 2016.

stated her opinions^① on the possible development of Danube River Corridor in Serbia. She thought that, the geographical position of the Republic of Serbia provides natural advantages for the intensive water transportation, the Danube River which runs through the Serbia is an international shipping route with ensured navigation depth, and the international waterway on the Danube is free for navigation for all ships flying the flags of the riparian countries of the Danube region. The new Port of Belgrade would allow multimodal traffic, concentrate on the cargo handling activity, and the 600 hectares of state-owned land offers development space for the port. The nautical tourism along the Danube has development potential, many marinas can be built along the river. Vojvodina province of the Serbia is planning to improve the channel of the Danube in this region which aims to serve for drainage, irrigation, water supply, receiving used water, navigation, conveyance of transit waters, forestry, fisheries, tourism and recreation. Besides, the Danube part in Serbia owns abundant hydropower and has huge potential in constructing the hydropower station in the future. Considering all the situations above, there exists much potential in the Danube cooperation between China and Serbia.

(3) Latvia

People also are concerned about how countries in the Baltic Sea take part in the Belt and Road Initiative. The 5th Summit of China and Central and Eastern European Countries hosted in Riga in November, and 2016 highlighted the role of Latvia in the Belt and Road Initiative. In general, the advantages of geography and logistics of Latvia will promote the development of the Belt and Road Initiative in the Baltic Sea. The main theme of Riga Summit is Development and Connectivity which stands out the geographical advantage of Latvia and the long-term experience in the fields

① Marina Babic Mladenovic, Danube River Corridor in Serbia-Possible Development, from Dusko Dimitrijevic edited, *Danube and the New Silk Road*, Thematical Proceeding from the International Scientific Conference: Danube in the Function of the New Silk Road, Belgrade, June 17, 2016.

of transportation and logistics.^① The state secretary of Latvia expressed that there were many conferences on logistics and transportation hosted in Latvia, such as the third ASEM Transport Ministers' Meeting hosted in Riga in April, 2016. In May 2016, the first meeting of transport ministers from 16 Central and Eastern European countries and China was held in Riga, it decided that China-CEEC Association of Logistics Cooperation will be set up in Latvia during the meeting and now the association has been established and taken over by Ministry of Transport of Latvia. The state secretary hoped that Latvia could sign the cooperation memorandum of the Belt and Road Initiative with China (at present, the memorandum has been signed by two sides) in order to play the pivotal role of transportation and logistics in constructing the Belt and Road Initiative.

There are a lot of cooperative fields between China and Latvia under the Belt and Road Initiative framework. The advantages of Latvia are transportation and logistics, there are three important harbors (Ventspils Port, Riga Port and Liepaja Port) and harbor transportation can support national economy and become the important industry to balance the foreign trade deficit. These ports connect Latvia with the whole Europe. Latvia hopes to synergize with the Belt and Road Initiative by utilizing its geographical position to connect the Baltic Sea and the Adriatic Sea, and actively build the railway which connects with Minsk, goes through Russia, and Central Asia then arrives in China. He expressed that Latvia paid much attention to the logistics supply chain planned and constructed by China, which covers the markets of China, Central Asia, Russia, the Baltic Sea and Europe. The China-Belarus industrial park in Minsk is very important, and Latvia hopes to become the regional distribution center, connect with Sweden, Norway and more core European markets through ship, railway and road.

① On September 29, 2016, the author as the visiting scholar of the Latvian Institute of International Affairs paid a special visit to the State Secretary of MFA, Latvia Andrejs Pildegovics and conducted the exchange with the State Secretary on how Latvia took part in the Belt and Road Initiative.

(4) Romania

Officers and Scholars of Romania generally believed that Romania has a magnificent geographical location, so it can synergize national development plan with the Belt and Road Initiative and “16+1 Cooperation” at the same time. Romania always devotes itself to promote its Black Sea Strategy and the Danube Strategy and actively lobbies in the European Union to promote the implementation of these plans. Specifically, Romania’s requirements mainly focus on improving the Danube Strategy, updating and improving the infrastructure construction along the Danube River. Romanian elites express that “China and Romania have the same neighbor—Russia” more than once. They think that China and Romania should develop trilateral cooperation relationship with Russia, then China can enter Europe through Asia smoothly. On the other hand, Romania is located in Black Sea and is a node between Europe and Asia. So how to take advantages of Romanian geography location in Eurasian level and promote the “16+1 Cooperation” at the higher level, this is one of Romanian concerns about the relationship between China and Romania.

(5) Czech

Since the China-CEEC “16+1 Cooperation” framework has been established in Poland in 2012, the government of Czech Republic put China-Czech relationship on a significant position of diplomatic strategy, established several cooperative mechanisms with China, the strategic partnership between the two sides has also upgraded to comprehensive strategic partnership.

Think Tanks and scholars of Czech didn’t consider the trade deficit between China and Czech as a serious problem. They thought Czech has deeply integrated with the European Union, especially with the industry chain of German high-end manufacturing industry, the Czech export to Germany accounted for 30% percent of total amount, and Czech also has relatively high technical level of automobile industry, environmental protection equipment, precise instrument and machine tool; Czech also cooperates closely with countries in Western Europe like Germany. The trades between China and Europe, China

and Germany have increased all the time, it will also drive Czech's increase in export. In the calculation of direct trade, Czech is in a deficit position, but considering the situation between China and Europe, especially the huge value of trade between China and Germany, the deficit of Czech with China is not so serious, Czech has relatively high technical level of high-end manufacturing industry, China now is in the progress of transformation and upgrading, and Czech doesn't worry about that there are no products to trade with China in the future.

In terms of investment, Czech hopes to attract China's funds to conduct greenfield investments in order to improve production capacity and increase employment opportunities. Some people in Czech query about the investment from China on the fields of real estate, news media and cultural industry, they think that those investments have political intention. The government of Czech welcomes the greenfield investments from China, but some economists expressed their views on media that China's greenfield investments buy the technology from Czech and hire Czech technical team which will lead to the drain of advanced technology and research personnel in Czech.

Czech has signed a lot of agreements on infrastructure construction such as transportation, energy and so on and some projects have got the tender. But Czech queries the infrastructure construction projects which China participates in and invests. China is not a charity organization, its investments to Czech for infrastructure construction are to output overcapacity and labor force, Czech's infrastructure will be under control of China's capital and enterprises

The condition of infrastructure in Czech is much better than Poland, the national territorial area of Czech is small, though the railway system is old, it has well-developed high-speed road system. Czech is not only self-sufficient in electricity, but also supplies its electricity to other European countries. Besides, the European Union allocates adequate funds on infrastructure construction so the demand of Czech for investments on infrastructure construction is not too strong. The government of Czech welcomes the investments from China on infrastructure construction, which scholars and media consider

as an opportunity for governmental personnel to embezzle money through participating in infrastructure projects.

Chapter Two

European Elites' Perception of the Belt and Road Initiative: An Analysis Based on the Survey

I. About the survey

This survey was conducted since the early January and ended on 20 April of 2017. The author and his team collected 141 questionnaires in total among which there are 118 valid questionnaires after removing invalid ones. The survey was based on the platform of China-CEEC Think Tanks Exchange and Cooperation Network; in addition, with the help of the Institute of European Studies of Chinese Academy of Social Sciences which has rich connections with the European think tanks, the author collected several pieces of questionnaires from those institutions. When attending some important international conferences on the Belt and Road Initiative, the author met a lot European scholars, and also collected questionnaires from them.

It's the first time to conduct such a topical and continuous survey related to China-EU cooperation under the Belt and Road Initiative both domestically and internationally. Before the survey, the author sorted out more than 70 questions systematically according to the suggestions from experts in related fields, then added them into the survey and designed the questions and options scientifically in hope of reaching better results. The target groups of this survey are European elites, including decision-makers, entrepreneurs, media, scholars and other people.

The questionnaire was once conducted in 2015, and in order to keep the continuity of the survey, the author kept most of the original questions, and set new questions according to the new situations. It helps not only to find out the changed trends of the European elites' views on the Belt and Road Initiative

through comparison, but also investigate their views on the new questions.

The basic information of the questionnaires is as follows:

Table 1: Gender

Gender \ Year	2017		2015
	Number	Percentage	Percentage
Male	90	76.3	61.8
Female	28	23.7	38.2

In the 2017 survey, the proportion of male is higher, up to 76.3% and the proportion of female is 23.7%. Although the author and his team were inclined to balance the gender ratio, it is obvious that the males are more interested in the topic than the females, which causes gender imbalance of statistical results. Compared with the survey in 2015, the imbalance between male and female is worsened.

Table 2: Age

Age \ Year	2017		2015
	Number	Percentage	Percentage
Under 30	16	13.6	21.8
30-40	47	39.8	56.4
41-50	27	22.9	13.6
51-60	23	19.5	3.6
Above 60	5	4.2	4.5

Concerning the age, the proportion of participants under 30 is 13.6%, followed by 39.8% of those between 31 and 40, 22.9% of those between 41 and 50, 19.5% of respondents are between 51 and 60, and participants above 60 are 4.2%. The target groups are mainly young and middle-aged, and the age structure of the survey is relatively reasonable and the gradient is clear. In the

survey of 2015, more than half of respondents are from 31-40, who account for overwhelming majority. The survey in 2017 partly changes this situation, and is more reasonable in the distribution of different age groups.

Table 3: Nationality

Nationality\Year	2017		2015	
	Number	Percentage	Number	Percentage
Albania	2	1.7	1	0.9
Austria	4	3.4	0	0
Belgium	2	1.7	0	0
Bosnia and Herzegovina	2	1.7	1	0.9
Bulgaria	3	2.5	7	6.4
Croatia	3	2.5	1	0.9
Cyprus	0	0	1	0.9
Czech	3	2.5	7	6.4
Denmark	2	1.7	0	0
Estonia	2	1.7	2	1.8
Finland	3	2.5	0	0
France	4	3.4	3	2.7
Germany	4	3.4	5	4.5
Greece	3	2.5	0	0
Hungary	10	8.5	6	5.5
Italy	3	2.5	1	0.9
Latvia	3	2.5	1	0.9
Lithuania	2	1.7	1	0.9
Macedonia	5	4.2	4	3.6
Malta	0	0	1	0.9
Montenegro	2	1.7	1	0.9
Netherlands	3	2.5	3	2.7
Norway	1	0.8	0	0
Poland	8	6.8	29	26.4

(Contd.)

Nationality\Year	2017		2015	
	Number	Percentage	Number	Percentage
Portugal	1	0.8	0	0
Romania	8	6.8	14	12.7
Serbia	17	14.4	7	6.4
Slovakia	3	2.5	5	4.5
Slovenia	6	5.1	2	1.8
Spain	3	2.5	1	0.9
Sweden	1	0.8	4	3.6
Switzerland	2	1.7	0	0
UK	3	2.5	2	1.8
Total	118	100	110	100

With regard to the nationality, there are 31 countries and 118 pieces of questionnaires in total basically including most of major states in Europe, which means the result of survey is authoritative and representative. The total number of questionnaires, 118, is also in line with the actual situation of the elite questionnaire which ensures representative of analysis.

Compared with the survey in 2015, this survey in 2017 covers more European countries, 31 countries in total, and the number is 25 in 2015. Both surveys consider 16 countries in Central and Eastern Europe as the main target of investigation, so the proportion of respondents from Central and Eastern European countries is also slightly higher. Some countries also get relatively high proportion, for example there are 29 Polish respondents in the survey of 2015 and 17 Serbian respondents in the survey of 2017, thus these two countries occupy much more than other target countries. This kind of situation will be gradually optimized in the future, so that the target countries and regions will be more balanced. But considering the actual national strategic layout, the survey should still adopt the principle of taking Central and Eastern European countries as the main target.

Table 4: Occupation

Occupation \Year	2017		2015	
	Number	Proportion	Number	Proportion
Government officials	20	16.9	39	35.5
Scholars of think tanks	31	26.3	26	23.6
Journalists	8	6.8	1	0.9
University Lectures and Professors	32	27.1	16	14.5
Others	27	22.9	28	25.5

As for the occupation, the survey in 2017 has four representative groups, and they are government officials (16.9%), scholars of think tanks (26.3%), journalists (6.8%) and university lectures and professors (27.1%). In the “Others” option, there are NGO representatives, PhD Candidates, as well as counselors in consulting firms, engineers, private business owners, business staffs and so on. The occupation structure of respondents is relatively balanced. In the survey of 2015, the officials took up a higher proportion while journalists took up a lower one. In this year, the survey further optimizes the occupation proportion.

II. European elites' views on the objectives and features of the Belt and Road Initiative

According to the results, the European elites' understanding of the Belt and Road Initiative is basically accurate and objective, but misjudgment still remains in some important issues.

After two years' observation and comparison, we can say that the European elites' understanding of the Belt and Road Initiative is more accurate, and they can objectively understand the fundamental spirits of the Belt and Road Initiative, especially for some important issues such as fundamental purpose, basic features and so on, in spite of some misjudgments. For the fundamental purpose of the Belt and Road Initiative, the elites acknowledge “the promotion

of the trade and investment cooperation with countries along the Belt and Road” and “the promotion of the connectivity and regional cooperation with countries along the Belt and Road”. And the option “the promotion of Chinese global strategic layout orienting towards the energy and resources” and the option “the promotion of Chinese advantageous products ’Going Global’” also enjoys a high rate of selection. From the very beginning, the elites think that the Belt and Road Initiative should not just be led by China though it was proposed by China, it should be a chorus and jointly built by all the countries along the Belt and Road. Though we have done a lot of work to explain the role of the Belt and Road Initiative in promoting the globalization, the specific contents of the initiative are comparatively vague, and it also lacks the influential discourse which can be understood and accepted easily by the European elites, thus most of them can’t agree with the view that the Belt and Road Initiative is a global resolution. European elites are less aware of the domestic dimension of the Belt and Road Initiative, and still consider the initiative as an international-oriented proposal.

From the result, the European elites’ views on the Belt and Road Initiative come not only from the publicity by China but also from their own observation and experience, which in fact examine the dual effects of the Belt and Road Initiative’s role of promoting the international cooperation. First, it will check the efficiency of China’s publicity and Second, it will check the degree of acceptance of European to the landing cooperation projects. From these two aspects, we get a lot positive responses. However, objectively speaking, in the field of industry capacity cooperation, we have made various and positive promotions, the elites still think that China is transferring their over-capacity products to Europe.

Here are some specific analyses on the answers given by the respondents:

1. From your own opinion, what are the fundamental objectives of the Belt and Road Initiative?

Content/ Year	2017	2015
	Proportion	Proportion
The promotion of trade and investment cooperation with the countries along the Belt and Road	72.9	76.4
The promotion of connectivity and regional cooperation with countries along the Belt and Road	68.6	71.8
The promotion of Chinese global strategic layout orienting towards the energy and resources	41.5	40.9
The promotion of Chinese advantageous products' "Going Global"	34.7	34.5
The promotion of transfer of Chinese over-capacity products	38.1	27.3
Unclear	0.1	7.3
Others	5.9	10.0

It has been four years since the implementation of the Belt and Road Initiative. Whether the European elites obviously change their views on the initiative or they have a more accurate grasp of the purpose of the Belt and Road Initiative, the two surveys in 2015 and 2017 will tell us the answer.

European elites' understanding of the fundamental purpose of the Belt and Road Initiative is basically accurate. From their perspective, the initiative mainly aims at promoting trade and investment cooperation between countries along the Belt and Road and promoting connectivity and regional cooperation. In two surveys, these two options both get high proportion. Then following options are "the promotion of Chinese global strategic layout orienting towards the energy and resources" and "the promotion of Chinese advantageous products 'Going Global'". Comparing with the survey in 2015, there are two obvious differences: the proportion of people who consider the purpose "unclear" drops from 7.3% to 0.1% while the proportion of people in favor of

“the promotion of transfer of Chinese over-capacity products” increases a lot, from 27.3% to 38.1%. On the one hand, the European elites’ understanding of the purpose of the initiative is more accurate and less vague. On the other hand, as the industry capacity begins to going out gradually, they have a lot of negative views on it.

2. From your own opinion, which one properly describes the features of the Belt and Road Initiative?

Content\ Year	2017	2015
	Proportion	Proportion
A strategic plan led by China	41.5	50.9
A strategic plan initiated by China, which should be jointly built through consultation to meet the interests of all	52.5	41.8
An ambitious project designed by China as a new pattern of global governance	27.1	23.6
A reflection of China’s active participation in global cooperation and development	46.6	45.5
A practical requirement for China to deepen reform and broaden openness	24.6	28.2
A strategic to expand Chinese influence in its neighbors/ Eurasian areas and seek regional hegemony	28.8	27.3
A response to the Asia Pacific Re-balance Strategy of USA	26.3	21.8
Others	5.9	5.5

On the understanding of the basic features of the Belt and Road Initiative, the European elites’ views have changed in the past two years. In the survey of 2015, more than half of people (50.9%) believed that the initiative is a China-led plan, while in 2017, the proportion drops by 10%. The European elites are tending to consider that this initiative is raised by China, but not a Chinese-led one, it should be a chorus and jointly built by all countries along the Belt and Road. As a result, the proportion of the second option “a strategic plan initiated by China, which should be jointly built through consultation to meet

the interests of all” also increases from about 40.0% in 2015 to 52.5% in 2017. It shows that the European elites have a more accurate understanding of the purpose of the Belt and Road Initiative. The European elites’ awareness of “an ambitious project designed by China as a new pattern of global governance” is not very high. Although we have done a lot to explain the role of the Belt and Road Initiative to promote globalization, due to the lack of a discourse system that can be accepted by the European elites, they don’t think that the initiative is a global resolution. Meanwhile, different ways of explanation will lead to different results. For example, there are more elites agreeing with the option that the Belt and Road Initiative is a reflection of China’s active participation in global cooperation and development. 45.5% of respondents in 2015 and 46.6% in 2017 of the European elites choose this option. It has to be noted that, the European elites still lack the awareness of the domestic dimension of Belt and Road Initiative, considering the initiative as an international-oriented proposal. For example, when talking about whether the Belt and Road Initiative meets the requirement for China to deepen reform and broaden openness, 28.2% of respondents in 2015 and 24.6% in 2017 choose this answer, and there is a downward trend in cognition of this domestic dimension besides the low proportion. The promotion of the Belt and Road Initiative should not ignore its domestic dimension. Few elites consider the Belt and Road Initiative as China’s strategy to expand Chinese influence in its neighbors/ Eurasian areas and seek regional hegemony. There are still few European elites considering that the initiative is “a response to the Asia Pacific Re-balance Strategy of USA”.

III. The European elites argue that it is necessary to build a specialized international coordination mechanism of the Belt and Road Initiative

The European elites pay more attention to various cooperation mechanisms between China and Europe, when cooperating with China under the Belt and Road Initiative framework. The elites do not attach importance to the ASEM.

They always expect to establish a specialized coordination and international exchange mechanism for the Belt and Road Initiative, 22.0% of the participants in 2015 hope to set up such a mechanism while in 2017, the proportion is 25.4%. 58.4% of the participants consider that it's necessary to set up a specialized international mechanism for the Belt and Road Initiative.

Here are some specific analyses:

1. Which mechanism is proper for the cooperation between China and EU during the construction of the Belt and Road?

Content\ Year	2017	2015
	Proportion	Proportion
A cooperative mechanism under the framework of the China-EU cooperation	47.5	47.3
A mechanism of strategic cooperation between China and European countries	44.1	38.2
A mechanism of regional cooperation between China and European countries, such as China-CEEC cooperation	47.5	42.7
Intergovernmental forums such as the Asia-Europe Meeting	28.8	28.2
Various professional cooperative forums	38.1	41.8
Informal meetings	23.7	20.0
Off-meeting communication on the sideline of major international conferences	8.5	10.0
A new and specialized mechanism of cooperation and exchanges established for the Belt and Road Initiative	25.4	22.7
Others	5.1	14.5

When it comes to which mechanism is suitable for the cooperation between China and Europe under the Belt and Road Initiative framework, the European elites care more about various mechanisms established between China and Europe but care less about those representative regional cooperation mechanisms. This partly reflects the view that direct negotiation at China-

Europe level is more appropriate for the Belt and Road Initiative. The European elites pay less attention to intergovernmental cooperation forums such as ASEM. Though both Chinese and foreign intellectuals have some expectations to ASEM at the very beginning, they find more and more limitations of this intergovernmental forum; it's hard for China's Belt and Road Initiative to have its own voice, and soon weakened by other issues in public opinion field within the framework of ASEM. In May, 2015, the Belt and Road Forum for International Cooperation was held in Beijing shows us that China cares more about promoting effects of its professional, self-designed platforms and mechanisms, but not relying on those loose international cooperation platforms. To sum up, the European elites are expecting to establish a specialized exchange and coordination platform for the Belt and Road Initiative, 22.7% of participants in 2015 show their willingness, and in 2017, the proportion is 25.4%.

2. Is it necessary to establish a specialized coordination mechanism for connectivity and infrastructure construction between China and Europe?

Content	Number	Proportion
Necessary	69	58.4
Unnecessary	8	6.8
Remain to be seen	24	22.9
Unclear	17	14.4

As for this question, 58.4% of the European elites agree to establish an international coordination mechanism for the Belt and Road Initiative which holds a good footnote for the opening of the Belt and Road Forum for International Cooperation. Objectively speaking, the Belt and Road Forum for International Cooperation is just a carrier, China should not satisfy with the convening of just one international conference but should contribute more to construct a real coordination mechanism. The high recognition of European

elites shows it is a necessity to construct a specialized coordination mechanism including the Belt and Road Forum for International Cooperation.

IV. European elites pay attention to the role of “people-to-people bond” in promoting the Belt and Road Initiative

In this survey, the roles of “people-to-people bond” in the Belt and Road Initiative draw the European elites’ attentions. Most of elites mainly care about three aspects which are including “policy coordination”, “facilities connectivity” and “people-to-people bond”. And the option “people-to-people bond” takes up for 52.5%—the third rank, which draws more attention than “unimpeded trade” and “financial integration”. Meanwhile, more than 71% of respondents consider that “people-to-people bond” performs “relatively well” and “very well”. The elites also believe that “cultural and academic exchange” is the most primary gripper for “people-to-people bond”. Quite a few elites reach a consensus that it’s a long standing problem for people to people exchange which cannot be fruitful in short term. We should be more patient with people-to-people and cultural exchange, and the ideology difference cannot be ignored.

Here are some specific analyses:

1. From your perspective, which area of the Belt and Road do you think deserve special attention?

Content	Number	Proportion
Policy Coordination	68	57.6
Facilities Connectivity	70	59.3
Unimpeded Trade	48	40.7
Financial Integration	40	33.9
People-To-People Bond	62	52.5
Others	10	8.5

Most of the European elites are concerned about “policy coordination” (57.6%), “facilities connectivity” (59.3%) and “people-to-people bond” (52.5%). In this survey, “people-to-people bond” gets 52.5% proportion—the third rank, which draws more attention than “unimpeded trade” and “financial integration”.

On this issue, the understandings of China and Europe are asymmetric. From China’s perspective, “unimpeded trade” is the most important thing, but only 40.7% of participants choose it, much lower than “policy coordination” (57.6%), “facilities connectivity” (59.3%) and “people-to-people bond” (52.5%). Besides, China is also highly concerned about financing problem, but only 33.9% of elites pay attention to it, the lowest in the five-pronged approach.

2. How do you think the people-to-people and cultural exchange between Chinese government and your government so far?

Content	Number	Proportion
Very good	26	22.0
Fairly good	58	49.2
Not so good	25	21.2
No progress	4	3.4
Unclear	5	4.2

As for this question, more than 71.0% of people consider the progress of people-to-people and cultural exchange between China and related countries as “fairly good” and “very good”, only 21.2% of them choose “not so good”. The progress of people-to-people and cultural exchange is widely recognized by the European elites.

3. Which kind of people-to-people and cultural exchanges should be widely promoted in the implementation of the Belt and Road Initiative?

Content	Number	Proportion
Culture and academic exchanges	103	87.3
Travel and sport exchanges	48	40.7
Media cooperation	39	33.1
Youth exchanges and volunteer services	56	47.5
Others	16	13.6

When talking about which kind of people-to-people and cultural exchanges should be widely promoted, “cultural and academic exchanges” gets the highest rate, up to 87.3%, followed by “youth exchanges and volunteer services”, the proportion is 47.5%, then 40.7% of participants choose “travel and sport exchanges”.

4. What kind of issues are and will be faced by the China-EU people-to-people exchange and cooperation?

Content\Year	2017	2015
	Proportion	Proportion
Ideology is the biggest issue	20.3	25.5
The current exchanges and cooperation are not effective	11.9	6.4
Both sides are in lack of willingness to exchange and cooperate with each other	13.6	5.5
People-to-people exchange is a long-term project that can't be fruitful in short term	54.2	54.5
The government of two sides attach no importance to it	13.6	10.9
Others	19.5	23.6

When asked about which kind of problems are and will be faced by China-EU people-to-people and cultural exchanges, the survey in 2015 and the survey in 2017 reach the same result, 54.0% of participants consider the people-to-people and cultural exchange as a long-term project that can't be fruitful in the short term. In addition, about 20.0% of European elites consider the ideological difference as the biggest obstacle, the proportion in 2015 is 25.5%; in 2017, the proportion drops a little, is 20.3%.

V. Policy coordination between China and European countries is relatively smooth

Policy coordination is essential to the promotion of the Belt and Road Initiative cooperation between China and Europe, whether there are smooth policy coordination mechanisms decides whether the goal can be realized timely and efficiently. The European elites make their own comments on this issue. 65.0% of elites consider the policy coordination as “smooth”, and they stress that it's necessary to realize policy coordination through promoting governmental cooperation and enhancing political mutual trust. “To promote the mutual recognition of regulations”, which China cares more about, gains low awareness in the European elites.

1. It's very important to enhance the connectivity of policy for promoting the Belt and Road Initiative, do you think the coordination between the government of both sides is smooth?

Content	Number	Proportion
Very smooth	37	31.4
Relatively smooth	40	33.9
Not too smooth	39	33.1
Not smooth	2	1.7

In terms of this issue, the answer is relatively positive. Up to 65.0% of participants choose “smooth” (“very smooth” plus “relatively smooth”), much higher than that of “not smooth” (“not too smooth” plus “not smooth”), 34.85%. Meanwhile, up to 33.1% of participants think that the coordination between China and Europe is not smooth, there remains some problems. Basically, there are more positive comments than negative comments.

2. How can China enhance the policy coordination between countries along the Belt and Road?

Content	Number	Proportion
Enhance political mutual trust through promoting intergovernmental cooperation	69	58.5
China should provide policy support for the implementation of practical cooperation and large-scale projects	48	40.7
Properly solve problems in cooperation and push forward the mutual recognition of regulations and mutual assistant in law enforcement	38	32.2
Coordinate its own economic development strategies and constantly reach new cooperation consensus with countries along the Belt and Road	42	35.6
Others	9	7.6

When asked how China can enhance the policy coordination between countries along the Belt and Road, the European elites believe that it's necessary to “enhance political mutual trust through promoting intergovernmental cooperation”, up to 58.5% of participants choose this option. The European elites were concerned about large-scale project cooperation, and they think “China should provide policy support for the implementation of practical cooperation and large-scale projects” (40.7%). The option “coordinate its own economic development strategies and constantly reach new cooperation consensus with countries along the Belt and Road” (35.6%) gets the third rank.

“Push forward the mutual recognition of regulations”, which China is more concerned about, gains low awareness from European elites which may be in connection with the difficulty of mutual recognition of regulations and poor maneuverability.

VI. Problems and challenges are and will be faced by the cooperation of infrastructure construction between China and Europe

In the issue of promoting infrastructure construction cooperation, European elites believe that the most difficult thing is the synergy of infrastructure construction between China and Europe, and whether China’s infrastructure construction can meet EU’s regulation is another problem. In addition, there exists a barrier on standards and market accession. When investigating the potential of synergy between the Belt and Road Initiative and the Juncker Investment Plan, more people in 2017 than those in 2015 choose “so-so”. They also think that to promote the infrastructure construction cooperation, it’s very important to establish integrated coordination mechanisms.

Here are some specific analyses:

1. Which issues are and will be faced by the cooperation of infrastructure construction between China and countries along the Belt and Road?

Content\ Year	2017	2015
	Proportion	Proportion
Whether the requirement of China’s infrastructure construction can be compatible with Pan-Europe Network Framework	50.0	44.5
Whether Chinese infrastructure construction can reach EU’s standard	44.1	49.1

(Contd.)

Content\ Year	2017	2015
	Proportion	Proportion
Whether the procedure of Chinese infrastructure construction can be transparent	41.5	46.4
The investment risks of Chinese large-infrastructure projects in Europe	30.5	21.8
Others	14.4	19.1

As for these problems, most of the European elites have an accurate and objective understanding, and they are more concerned about “whether the requirement of China’s infrastructure construction can be compatible with Pan-Europe Network Framework”, “whether Chinese infrastructure construction can reach EU’s standard” and “whether the procedure of Chinese infrastructure construction can be transparent”. To analyze carefully, the results in 2015 and 2017 are quite different. In 2015, the problems of infrastructure construction were ranked by European elites as follows: “whether Chinese infrastructure construction can reach EU’s standard” (49.1%), “whether the procedure of Chinese infrastructure construction can be transparent” (46.4%), and “whether the requirement of China’s infrastructure construction can be compatible with Pan-Europe Network Framework” (44.5%). In 2017, the problems of infrastructure construction are ranked by the European elites as follows: “whether the requirement of China’s infrastructure construction can be compatible with Pan-Europe Network Framework” (50.0%), “whether Chinese infrastructure construction can reach EU’s standard” (44.1%) and “whether the procedure of Chinese infrastructure construction can be transparent” (41.5%).

Why are there differences between these two surveys in 2015 and 2017? This reflects the result-driven observation of European elites. The most difficult thing for the Belt and Road Initiative is synergy between China and Europe, and if the synergy fails, then more and more problems will appear. Besides, China and Europe have different understandings on the concept of synergy.

China stresses on strategic synergy, while Europe emphasizes to synergize practical projects. Such asymmetrical requirements of synergy make it difficult to promote the Belt and Road Initiative. If they consider the view of synergy in 2015 as initial impression, this impression has been deepened in 2017, with no protection of mutual recognition of rules, market access has been a problem and it's even harder for project cooperation.

2. How much is the cooperative potential between Juncker's Investment Plan and the Belt and Road Initiative?

Content/ Year	2017	2015
	Proportion	Proportion
Very much	16.9	15.5
So-so	33.1	19.1
No potential	5.1	2.7
Unclear	29.7	40.9
Wait and see	15.3	21.8

When considering synergy of specific projects, the results become more obvious. For this issue, there are more people in 2015 than in 2017 choosing “so-so”, increasing from 19.1% to 33.1%. In general, the number of the European elites who believe there exists the cooperative potential between China and Europe increases from 15.5% in 2015 to 16.9% in 2017, and the increasing range is not huge and the overall proportion of these people is relatively low. In 2015, 40.9% of participants choose “unclear” and “wait and see”, while in 2017, the proportion decreases to 29.7%. It shows that the number of the European elites who still have a vague understanding of the Belt and Road Initiative decreases.

3. In your point of view, what efforts should be made to promote the infrastructure construction among countries along the Belt and Road?

Content	Number	Proportion
On the basis of respecting each other's sovereignty and security concerns, countries along the Belt and Road should improve the connectivity of their infrastructure construction plans and technical standard systems to jointly push forward the construction of international trunk passageways.	58	49.2
Countries along the Belt and Road should promote green and low-carbon infrastructure construction and operation management, taking into full account the impact of climate change on the construction.	55	46.6
Countries along the Belt and Road should build a unified coordination mechanism for whole-course transportation, increase connectivity of customs clearance, reloading and multi-model transport between countries, and gradually formulate compatible and standard transport rules, so as to realize international transport facilitation.	63	53.4
Countries along the Belt and Road should jointly advance the construction of energy infrastructure to build cross-border power supply networks and improve international communications connectivity, and create an Information Silk Road.	35	29.7
Others	6	5.1

How to solve the problems of infrastructure construction along the Belt and Road? The European elites give their solutions in perspective of China-EU cooperation. The establishment of an integrated coordination mechanism is the primary choice among all solutions. Up to 53.4% of participants deem that “the countries along the Belt and Road should establish an integrated coordination mechanism throughout the transport, enhance communication on customs clearance, cargo and multi-model transport, then gradually develop compatible and standardized principles to achieve international transport facilitation”. Besides, 49.2% and 46.6% of participants choose “on the basis of respecting each other's sovereignty and security concerns, countries along the Belt and

Road should improve the connectivity of their infrastructure construction plans and technical standard systems to jointly push forward the construction of international trunk passageways” and “countries along the Belt and Road should promote green and low-carbon infrastructure construction and operation management, taking into full account the impact of climate change on the construction”.

VII. Trade and investment cooperation performs relatively well, but several problems remain to be solved

According to the survey, more than half of the European elites consider that the investment and trade cooperation between China and countries along the Belt and Road has been relatively effectively and fruitful so far. The main problems China and Europe faced with are “limited areas of trade and imbalanced trade structure” and “certain investment and trade barriers”. More than half of the European elites believe that both sides should strive to improve investment and trade facilitation, and remove investment and trade barriers for the creation of a sound business environment. Meanwhile, countries along the Belt and Road should improve bilateral and multilateral cooperation in the fields of inspection and quarantine, certification and accreditation, standard measurement, and statistical information. Both sides should also push forward cooperation in emerging industries such as new-generation information technology, biotechnology, new energy technology, new materials, etc. Overall, the problem of trade structure between China and Europe is prominent, trade deficit still persists, and investment and trade barriers have also hindered the further development of trade relationship. To solve these problems, the European elites consider the elimination of trade and investment barrier.

Here are some specific analyses:

1. Do you think the investment and trade cooperation between China and countries along the Belt and Road has been effective or fruitful so far?

Content	Number	Proportion
Very much	8	6.8
Fairly good	64	54.2
Not so good	43	36.4
Definitely not	3	2.5

When talking about the effects of investment and trade cooperation between China and countries along the Belt and Road, the European elites' views are generally positive, but there are still 36.4% of them choose "not so good", 54.2% of elites consider the cooperation "fairly good", only 6.8% of elites believe that the cooperation is very effective.

2. What kind of issues are and will be faced by the investment and trade cooperation between China and countries along the Belt and Road?

Content	Number	Proportion
Certain investment and trade barriers	62	52.5
Limited areas of trade and imbalanced trade structure	63	53.4
Lack of mutual recognition of regulations and mutual assistance in law enforcement	45	38.1
In need of entrepreneurial and investment cooperation mechanisms	33	28.0
Others	13	11.0

When asked what kind of issues are and will be faced by the investment and trade cooperation between China and countries along the Belt and Road, "limited areas of trade and imbalanced trade structure" occupies the highest proportion, up to 53.4%. Then 52.5% of participants choose "certain investment and trade barriers". The third one is "lack of mutual recognition of regulations

and mutual assistance in law enforcement”, the proportion is 38.1%.

3. What efforts need to be done to enhance the investment and trade cooperation between China and countries along the Belt and Road?

Content	Number	Proportion
Both sides should strive to improve investment and trade facilitation, and remove investment and trade barriers for the creation of a sound business environment.	69	58.5
Countries along the Belt and Road should improve bilateral and multilateral cooperation in the fields of inspection and quarantine, certification and accreditation, standard measurement, and statistical information.	53	44.9
A service trade support system should be set up to consolidate and expand conventional trade, and efforts to develop modern service trade should be strengthened.	31	26.3
Both sides should push forward cooperation in emerging industries such as new-generation information technology, biotechnology, new energy technology, new materials, etc.	36	30.5
Others	5	4.2

When talking about how to solve problems above, 58.5% of participants believe that “both sides should strive to improve investment and trade facilitation, and remove investment and trade barriers for the creation of a sound business environment.”, then “countries along the Belt and Road should improve bilateral and multilateral cooperation in the fields of inspection and quarantine, certification and accreditation, standard measurement, and statistical information.”(44.9%), and then “both sides should push forward cooperation in emerging industries such as new-generation information technology, biotechnology, new energy technology, new materials, etc.”(30.5%).

VIII. There exists potential in China-EU financial cooperation during the construction of the Belt and Road Initiative, but Europe has relatively higher expectations on China

Through relatively long efforts to promote China-EU financial cooperation, both sides have made great progress. The financial instruments which can be cooperated by both sides are relatively rich and have great potential for cooperation. According to the survey, feedbacks from the European elites are both positive and negative. The European elites still have too high expectations on Chinese financial institutions, and multilateral financial institutions which play an important role in infrastructure construction cooperation between China and Europe such as World Bank, Asian Development Bank are obviously underestimated by them. They also underestimate the role of Asian Infrastructure Investment Bank. The main problems of financial cooperation between China and Europe are “imperfect financial cooperation mechanism” and “Euro turbulence”. To provide solution, they think “both sides should strive to build a currency stability system, investment and financing system and credit information system”, “both sides should improve the system of risk response and crisis management, build a regional financial risk early-warning system and create an exchange and cooperation mechanism of addressing cross-border risks and crisis.”

Here are some specific analyses:

1. Which tools can be used by China and EU in the financial cooperation during the construction of the Belt and Road?

Content\ Year	2017	2015
	Proportion	Proportion
The Belt and Road Strategy Fund	66.9	67.3
Asian Infrastructure Investment Bank	52.5	67.3
BRICS New Development Bank	32.2	24.5
EU Structural Funds	40.7	39.1

(Contd.)

Content\ Year	2017	2015
	Proportion	Proportion
The European Bank for Reconstruction and Development	50.0	49.1
World Bank	27.1	28.2
Asian Development Bank	26.3	26.4
European Investment Bank	41.5	36.4
Others	5.9	21.8

Financial cooperation can objectively reflect the strategic importance, the level and the scale of the practical cooperation between two sides. The China-Europe cooperation will be essentially enhanced through the coordination and mutual utilization between the financial institutions of China and those of Europe. Based on the survey results, the European elites' responses are both positive and negative, which mainly show as follows:

Firstly, the European elites still hold high expectations on financial institutions of China and the expectations on the European instruments increase to some extent as well. 66.9% and 52.5% of the participants consider that financial tools of Belt and Road Strategic Fund and Asian Infrastructure Investment Bank can be fully utilized. Obviously they expect China to take more responsibilities of financing. As for the financial tools that Europe has, this year more than 50% of participants regard the funds provided by the European Bank for Reconstruction and Development, 40.7% of participants consider the funds provided by EU Structural Funds and 41.5% of participants think that funds provided by European Investment Bank can be fully utilized, which to some extent increases comparing with the data in 2015. The European elites have better understandings of the roles of the European financial institutions comparing to the past.

Secondly, the elites obviously underestimate the role of the multilateral financial institutions, such as the World Bank and Asian Development Bank, only 27.1% and 26.3% of participants consider that funds provided by these

two institutions can be fully utilized, which declined as compared with the data in 2015.

Thirdly, the roles of the Asian Infrastructure Investment Bank in the building of the Belt and Road Initiative were considered to be lower than 2015 survey by the European elites. 67.3% of participants in 2015 think that the Belt and Road Strategic Fund and Asian Infrastructure Investment Bank can be used as financial instruments. Comparing with data in 2017, the Belt and Road Strategic Fund is always appreciated by the European elites, but their attention to the Asian Infrastructure Investment Bank to some extent decreases, from 67.3% to 52.5%. Asian Infrastructure Investment Bank is famous for its many countries' participation, high standards of market operation. Its function is to, but not limited to, serve the projects of Belt and Road Initiative, and the European elites do have some understandings about it.

To conclude, the European elites believe that there exists potential in financial cooperation between China and Europe, but they expect China to contribute more, and the role of multilateral financial institutions is considered less important than before.

2. What kind of issues are and will be faced by the China-EU financial cooperation during the construction of the Belt and Road?

Content\Year	2017	2015
	Proportion	Proportion
Euro turbulence	44.9	38.2
The low level of RMB internationalization	28.0	30.0
Dollar as a major trading currency between two sides	25.4	15.5
Imperfect financial cooperation mechanism	50.8	48.2
Others	16.1	21.8

When investigating what kind of problems are and will be faced by

the China-EU financial cooperation, the first option is “imperfect financial cooperation mechanism” in two surveys, and the proportion is 48.2% in 2015 and 50.8% in 2017, which increases a little. The second option is “Euro turbulence”, the proportion is 38.2% in 2015 and 44.9% in 2017, which obviously increases. 30% of participants in 2015 and 28% of participants in 2017 choose “the low level of RMB internationalization”, which decreases a little.

3. What efforts need to be done to enhance financial cooperation between China and countries along the Belt and Road?

Content	Number	Proportion
Both sides should strive to building a currency stability system, investment and financing system and credit information system.	50	42.4
China should increase the scope and scale of bilateral currency swap and settlement with other countries along the Belt and Road to facilitate China-Europe financial cooperation.	32	27.1
Both sides should improve the system of risk response and crisis management, build a regional financial risk early-warning system and create an exchange and cooperation mechanism of addressing cross-border risks and crisis.	42	35.6
Both sides should strengthen financial regulation cooperation and establish an efficient regulation coordination mechanism in the region.	45	38.1
Others	7	5.9

When asked what efforts need to be done to enhance financial cooperation between China and countries along the Belt and Road, the first option is “both sides should strive to building a currency stability system, investment and financing system and credit information system”, followed by “both sides should strengthen financial regulation cooperation and establish an efficient regulation coordination mechanism in the region”, then “both sides should improve the system of risk response and crisis management, build a regional financial risk early-warning system and create an exchange and cooperation

mechanism of addressing cross-border risks and crisis.”

IX. Development trend of the European elites’ views on the Belt and Road Initiative

First, comparing with survey in 2015, the European elites have a more accurate and objective understanding of the essential spirit of the Belt and Road Initiative. Though some misjudgment remains, European elites’ understanding is basically accurate.

Second, the European elites pay more attention to various cooperation mechanisms between China and Europe, when cooperating with China under the Belt and Road Initiative framework. They do not attach importance to the ASEM. More than 50.0% of elites expect to establish a specialized coordination and international exchange mechanism for the Belt and Road Initiative

Third, the European elites attach high importance to the role of “people-to-people bond” in the construction of the Belt and Road Initiative. Most of them pay attention to “policy coordination”, “facilities connectivity”, “people-to-people bond”, and they are satisfied with the progress of current people-to-people and cultural exchanges. Quite a few elites believe that the people to people bond is a long standing problem which cannot be fruitful in short term. The ideology difference can’t be ignored between China and Europe.

Fourth, policy coordination is essential to the promotion of the Belt and Road Initiative cooperation between China and Europe, up to 65% of the elites consider the policy coordination as “smooth”, and they stress that it’s necessary to realize policy coordination through promoting governmental cooperation and enhancing political mutual trust. “To promote the mutual recognition of regulations”, which China concerns about, gains low cognition in European elites.

Fifth, regarding the issue of promoting infrastructure construction cooperation, the European elites pay attention to three main problems: they are “whether the requirement of China’s infrastructure construction can

be compatible with Pan-Europe Network Framework”, “whether Chinese infrastructure construction can reach EU’s standard”, “whether the procedure of Chinese infrastructure construction can be transparent”. In addition, comparing with the survey in 2015, when asked the potential of the synergy of the Belt and Road Initiative and the Juncker Investment Plan, the European elites hold a low comment on this kind of synergy.

Sixth, more than half of the European elites consider the promotion of investment and trade cooperation between China and countries along the Belt and Road has been relatively effectively and fruitful so far. The main problems China and European faced with are “limited areas of trade and imbalanced trade structure” and “certain investment and trade barriers”.

Seventh, the European elites still have too high expectations on Chinese financial institutions, and multilateral financial institutions which play an important role in infrastructure construction cooperation between China and Europe such as World Bank, Asian Development Bank are obviously underestimated by them. The main problems of financial cooperation between China and Europe are “imperfect financial cooperation mechanism” and “Euro turbulence”.

X. Issues and policy suggestions raised by the elites

Questionnaire 20: More clear and direct ideas regarding improvement in production and service areas are needed.

Questionnaire 23: The Belt and Road Initiative actively move on changing the China image in the world.

Questionnaire 28: I think that process must be continued because it is very good.

Questionnaire 29: I suggest that maybe we can publish successful achievements through cooperation.

Questionnaire 31: China is one of the cooperation partners for the EU. The EU has a strong and high level of rules and standards. It is expected that rather

China has to adjust, not vice versa.

Questionnaire 32: Create a China-Europe Silk Road Management Program for business schools advanced students and entrepreneurs focusing on innovation-driven sectors.

Questionnaire 33: Strengthen intra-regional cooperation between CEECs, formulate and establish a clear strategy and coordination mechanism within CEECs.

Questionnaire 34: Create information centers, organize joint events regularly exchange students and scholars aimed to promote the Belt and Road Strategy.

Questionnaire 37: Both sides should build stronger mechanisms for cooperation on an institutional basis, with a clearly defined plan of conduct of certain stages of the process, as well as ways of overcoming the possible inconsistencies in the implementation of ongoing projects. In implementing the above, I suggest the establishment of special scientific institution and a separate legal entity which would be established by the Government of the Republic of Serbia on the basis of national legislation and which would be financed from the budget of the relevant ministries of China and Serbia and from donations from interested partners, in order to improve cooperation and to exchange in the framework of the mechanism 16+1 between CEEC and China.

Questionnaire 38: It should continue to work and improve our connectivity. In particular, we must improve cooperation in the field of science and research.

Questionnaire 41: We need detailed and transparent development plan with group of experts from both sides.

Questionnaire 42: The Initiative improves China's image in the countries alongside the OBOR and stimulates the correct understanding of China.

Questionnaire 44: A lot of trust needs to be built as well as all the other things mentioned in this questionnaire. It is simply going to take a lot of time and communication. The Belt and Road is a very, very ambitious project, and China has to understand that it is not going to be plain sailing because of the many interests and differences among the countries along the route. China

needs to express its goals as clearly as possible and also be more specific about what the Belt and Road means for each individual country in practical terms. The biggest issue in CEE at the moment (at least the Czech Rep. and Poland) is that people are unclear what the Belt and Road precisely means for their country. China needs to come up with specifics, and communicate them clearly while aiming to work within the limits of what the individual countries can realistically be expected to achieve.

Questionnaire 45: From my academic and researcher's perspectives, the Belt and Road Initiative should quickly move on somehow beyond the stage at which the main preoccupations have been clarification and conceptual development. These questions should be very quickly finalized and it should be established explicitly what the Chinese initiative offers—but also what it does not offer. If this kind of step ahead does not occur, I suspect that the attention towards the initiative will soon start fading.

Questionnaire 54: The concept of the Belt and Road Initiative is still a bit vague, complicated, hard to understand and does not communicate well the benefits of the project to participating countries. Political elites (with a personal financial interests) in participating countries may be enthusiastic about the projects, but the people have not heard about the Belt and Road Initiative at all. This issue has to be addressed.

Questionnaire 55: I believe it would be of merit for the Belt and Road Initiative to be promoted in a way that would emphasize the role of other countries not only in relation to China, but also among one another. Supporting such type of cooperation could also bring a global positive recognition for the Belt and Road Initiative and address some of uncertainties about power dynamics of the project.

Questionnaire 56: My point of view as researcher: Academic exchange, incl. joint research and publications, joint think tanks/research institutes, joint master and PhD programs—for instance “International business (trade, finance, logistics) and politics”, “History and Culture” (very important!), scientific events—conferences, round table debates etc.

Questionnaire 57: More focus should be placed on the balance between transfer of production capacity from China and the environment protection in CEEC countries.

Questionnaire 58: People-to-people and trade-invest connections should be the main form of cooperation among the Belt and Road countries. And effective measures to ensure the sustainability are of vital importance.

Questionnaire 59: Maybe they should solve their territorial disputes and other political problems first.

Questionnaire 60: People to people exchange is the most important and active one which should be paid more attention to.

Questionnaire 62: More people-to-people exchanges in academics, sports, youth programs, as well as cooperation projects between regions.

Questionnaire 64: a. Enhance the people-to-people exchanges. b. Establish opportunities for teaching about China in other countries (tailor-made courses for different target-groups). c. Offer Chinese media in Macedonian language (like CCTV program in Macedonian). d. Publish the most popular Chinese books in Macedonian, both fiction and non-fiction

Questionnaire 65: It is recommended that China should pay more attention to public diplomacy and better explain their own interests and goals you want to achieve through the Belt and Road Initiative as well as 16+1 mechanism.

Questionnaire 66: Even though we primary talk about the economic initiative, we need to be aware of potential political and security risks that may destabilize B&R project. Religious and ethnic tensions and different types of extremism along the “Belt” route, can be used internally or externally (by countries that do not belong to the initiative) to destabilize the entire project. Some segments of the routes are particularly vulnerable to destabilization and fanning ethnic and religious tensions (for example, countries of Central Asia, some Balkan countries and provinces such as Xinjiang or Kosovo). Therefore, parallel with a strategy for infrastructure development, strategy of cooperation on strengthening security and national stability must be developed.

Questionnaire 68: In my opinion this initiative is something that could

have beneficial effects for all countries involved, not only in terms of economy, but also in other areas, such as cultural and academic cooperation. Differences between nations should be perceived as an advantage, not an obstacle.

Questionnaire 70: I see big potential in undertaking large infrastructural projects, like the two highways in Macedonia, fast speed railroads like Athens-Skopje-Belgrade-Budapest, large hydro, wind and solar power projects (in Macedonia could be the hydro project-Chebren and Galiste on the river Crna Reka). In addition, the possibility of engaging a private sector on a bilateral and a multilateral level should be fully examined (for instance, due to a limited size of private sector in Macedonia), a combination of private sector and a private-public partnership could be also employed.

Questionnaire 72: China should try to avoid creating competition for Chinese investments and funding among the neighboring countries along OBOR, should avoid generating races to the bottom among them, should avoid inflaming regional rivalry and should not turn hegemonic.

Questionnaire 73: What is the goal of the Belt and Road Initiative? It ought to be a philosophical question. And now the Belt and Road Initiative has become an utility and its aim is to give out China's strong voice in the progress of formulating orders to increase regional and global influence, and develop good neighborly and friendly relations.

Questionnaire 74: To advance academic and investment communities exchange including media cooperation. Promote existing trade cooperation and evaluate the economic benefits of local and regional cooperation.

Questionnaire 75: All sides should be more transparent about their short-, medium-, and long-term expectations and obligations.

Questionnaire 76: My main suggestion would cover my own country's example, and by extrapolation, of most CEE countries that are not OECD members. At this point, since the level of Chinese investment and interest is relatively low (compared with Western EU members), an increased level of cooperation would be necessary, especially since for most of these countries connectivity projects are mostly financed by EU funds, EBRD/EIB funding.

Recognizing the tender procedures that all EU members must go through for public investments, Chinese companies should receive proper advice from local embassies regarding conditions for investment and the fact that all companies must observe those EU rules. On the other hand, there are opportunities for smaller scale investments at regional level, where small cities/communities lacking in infrastructure (transport, health, etc.) also lack the necessary funding and were Chinese funds could be very appreciated—there are examples as in the construction of housing for low-income families. Such a program that would not necessarily fund big projects and be focused on profitable and feasible projects developed together with those local authorities can provide a huge number of smaller projects in a relatively short time that would add up to significant investment and presence for Chinese companies, as well as renewed infrastructure for local and national authorities.

Questionnaire 78: China should do most of the job by itself. I do not expect EU, or other parties to be dedicated to this project.

Questionnaire 79: Give EU a stake in OBOR and make it a joint initiative, China-EU, working together, from opposite sides of Eurasia, to connect Europe and Asia.

Questionnaire 80: Many governments seem convinced of the relevance and support that the Belt and Road Initiative can bring in terms of connectivity. However, to create a true lasting impact it is quint essential to convince the populace of the relevance of Chinese investments. Public opinion is a powerful tool and can easily backfire on any policy initiative. An honest, transparent public information campaign from the Chinese government in collaboration with relevant ministries in host countries is to target the trust deficit that now prevails in many countries. Only then can the Belt and Road become a true success.

Questionnaire 81: China should formulate a clear strategy and implement concrete projects.

Questionnaire 89: China should start a structured exchange between China and EU in addition to existing “16+1 Cooperation” framework.

Questionnaire 90: In order to avoid the project to be seen just as a Chinese initiative, more people-to-people and cultural exchanges should be carried out to create a 'common narrative' for the Belt and Road Initiative, and let the initiative belong to all the countries involved. We should also enhance the transparency of the Belt and Road Initiative and communication on the project.

Questionnaire 95: We should cooperate in protection of intellectual property rights. And emphasize practical business projects (and pay less attention on the political aspects and concerns).

Questionnaire 99: If it is seen as a Chinese project, it will generate a level of mistrust in some areas. The key is to get it to be seen as a cooperative project—but I think that's going to be very hard. It is perceived as something done BY china TO others. And that's a problem.

Questionnaire 100: Personally thinking, I hold the opinion that China encounters a very unattainable chance for cooperation because of the 2008 financial crisis and the global economic situation currently. The countries along the Belt and Road need China's support. However, many challenges still occurred, such as trade protectionism, political and IR with USA, and the basic domestic economic strength and problems of many small countries. I think China could seek cooperation with large and strong countries such as Germany, France, Russia at first. Once these large countries agree to cooperate with China, many other small countries or countries close to them would also attend the Initiative as well.

Questionnaire 102: The Belt and Road Initiative proclaimed from President Xi in 2013, is a strategy developed by the Chinese government, it has a Chinese content on it, it is very important to China but it should not be confined to China. In order for it to be successful it needs to be embraced by the countries on the terrestrial and maritime route indicated in the plan. The Xi-Li administration has been extremely proactive since it was established in 2012; from that year on, the Chinese behavior in international affairs has gained an ever-growing role as a forger of economic and diplomatic ties between countries. The Belt and Road Initiative makes China the only country in the world today with a clear long term

plan for the rise of global economy. In my modest opinion, if the three pillars of the Belt and Road will properly be implemented into reality: first, spreading economic development around the world through infrastructure investment and new trade routes; second, creating interdependence between China and other countries and regions via global partnership networks; and third, focusing on Asia as part of a new “neighborhood diplomacy.” This plan will never be a “Zero Sum Game” for any actor involved, which is what plenty of government officials and at a lesser extent, academics, fear of.

Questionnaire 115: China should create a network with several working groups, related to the different common areas of cooperation (e.g. financial regulations & investments, transportation & energy, trade, institutional cooperation, education & youth, culture & media, tourism & sport etc.)

Questionnaire 116: Go forwards permanently and follow the exactly structured plan.

Questionnaire 117: From my viewpoint, I would like to suggest stronger exchange of students on all levels as well as a support for scientific meetings—not only in “hard sciences” but also in the areas of humanities. Finally, I would suggest more artistic exchanges, especially in the areas of modern art and multi-media.

Questionnaire

Survey No.

Survey on Views of European Countries about the Belt and Road Initiative

Dear Friends,

This survey is conducted by the Institute of European Studies, Chinese Academy of Social Sciences. It is specifically aimed for European government

- c. The promotion of Chinese global strategic layout oriented energy and resources
- d. The promotion of Chinese advantageous products' "Going Global"
- e. The promotion of transfer of Chinese over-capacity products
- f. Unclear
- g. Other(Specify) _____

7. From your own opinion, which one properly describes the features of the Belt and Road Initiative (multiple choice)?

- a. A strategic plan led by China
- b. A strategic plan proposed by China, adhering to the principle of co-discussion, co-construction and co-sharing
- c. An ambitious project designed by China as a new pattern of global governance
- d. A reflection of China's active participation in global cooperation and development
- e. A practical requirement for China to deepen reform and broaden openness
- f. A strategy to expand Chinese influences in its neighbors/Eurasian areas and seek regional hegemony
- g. A response to Asia Pacific Re-balance Strategy of USA
- h. Other(Specify) _____

8. Which mechanism is proper for the cooperation between China and EU during the construction of the Belt and Road (multiple choice)?

- a. A cooperative mechanism under the framework of China-EU cooperation
- b. A cooperative strategic mechanism between China and European countries
- c. A regional cooperative framework between China and European countries, such as China-CEEC cooperation
- d. Intergovernmental forums such as the Asia-Europe Meeting
- e. Various professional cooperative forums
- f. Informal meetings
- g. Off-meeting communication on the sideline of major international

conferences

h. A new, specific cooperative exchange mechanism for the Belt and Road Initiative

i. Other (Specify) _____

9. Countries along the Belt and Road have their own resource advantages and their economies are mutually complementary. Therefore, there is a great potential and space for cooperation. From your perspective, which of the following key areas deserve priority attention? (multiple choice)

a. Policy Coordination

b. Facilities Connectivity

c. Unimpeded Trade

d. Financial Integration

e. People-to-People Bond

f. Other (Specify) _____

10. Enhancing policy coordination is an important guarantee for implementing the Belt and Road Initiative. Do you think the the policy exchange between Chinese government and your government has been going smoothly so far?

a. Yes, definitely

b. Fairly well

c. Not so good.

d. Absolutely not

(Please specify reasons for every choice)

11. Based on your understanding, how should China better coordinate its policies with countries along the Belt and Road? (multiple choice)

a. China should promote intergovernmental cooperation by build a multilevel intergovernmental macro policy exchange and communication

mechanism to enhance mutual political trust.

b. China should provide policy support for the implementation of practical cooperation and large-scale projects.

c. China should actively negotiate to solve cooperation-related issues and push forward the mutual recognition of regulations and mutual assistant in law enforcement.

d. China should fully coordinate its economic development strategies and constantly reach new cooperation consensus with countries along the Belt and Road.

e. Others (Please Specify) _____

12. Facility connectivity is a key area for implementing the Belt and Road Initiative. Is there a necessity to build a specific coordinated mechanism for the construction of infrastructure between China and countries along the Belt and Road?

- | | |
|-------------------|------------|
| a. Very demanding | b. No need |
| c. Wait and see | d. Unclear |

13. Which issues are and will be faced by the cooperation of infrastructure construction between China and countries along the Belt and Road (multiple choice)?

- a. The compatibility of Chinese infrastructure scheme and Pan European Transport Corridors
- b. The possibility of reaching EU's standard for Chinese infrastructure construction
- c. The transparency of procedure of Chinese infrastructure construction
- d. The investment risks of Chinese large infrastructure projects in Europe
- e. Other(Specify) _____

14. In your point of view, what efforts should be made to promote the infrastructure construction among countries along the Belt and Road? (multiple choice)

- a. On the basis of respecting each other's sovereignty and security

concerns, countries along the Belt and Road should improve the connectivity of their infrastructure construction plans and technical standard systems to jointly push forward the construction of international trunk passageways.

b. Countries along the Belt and Road should promote green and low-carbon infrastructure construction and operation management, taking into full account the impact of climate change on the construction.

c. Countries along the Belt and Road should build a unified coordination mechanism for whole-course transportation, increase connectivity of customs clearance, reloading and multi-model transport between countries, and gradually formulate compatible and standard transport rules, so as to realize international transport facilitation.

d. Countries along the Belt and Road should jointly advance the construction of energy infrastructure to build cross-border power supply networks and improve international communications connectivity, and create an Information Silk Road.

e. Others (Please Specify) _____

15. Investment and trade cooperation is a major task in building the Belt and Road. Do you think the investment and trade cooperation between China and countries along the Belt and Road has been effective or fruitful so far?

a. Very much

b. Fairly well

c. Not so good

d. Definitely not

(Please specify reasons for every choice)

16. Will Chinese active promotion of unimpeded trade between China and EU have counter-balance on the TTIP (multiple choice)?

a. Yes

b. No

c. Unclear

d. Wait and see

e. Other(Specify) _____

17. What kind of issues are and will be faced by the investment and trade cooperation between China and countries along the Belt and Road?

- a. Certain investment and trade barriers
- b. Limited areas of trade and unbalanced trade structure
- c. Lack of mutual recognition of regulations and mutual assistance in law enforcement
- d. In need of entrepreneurial and investment cooperation mechanisms
- e. Others (Please Specify) _____

18. In your point of view, what efforts need to be done to enhance the investment and trade cooperation between China and countries along the Belt and Road?

- a. Both sides should strive to improve investment and trade facilitation, and remove investment and trade barriers for the creation of a sound business environment.
- b. Countries along the Belt and Road should improve bilateral and multilateral cooperation in the fields of inspection and quarantine, certification and accreditation, standard measurement, and statistical information.
- c. A service trade support system should be set up to consolidate and expand conventional trade, and efforts to develop modern service trade should be strengthened.
- d. Both sides should push forward cooperation in emerging industries such as new-generation information technology, biotechnology, new energy technology, new materials, etc.
- e. Others (Please Specify) _____

19. How much is the cooperative potential between Juncker's Investment Plan and the Belt and Road Initiative?

- a. Very much
- b. So-so
- c. No potential
- d. Unclear
- e. Wait and see

20. Financial integration is an important underpinning for implementing the Belt and Road Initiative. Which tools can be used by China and EU in the financial integration during the construction of the Belt and Road (multiple choice)?

- a. The Belt and Road Strategy Fund
- b. Asian Infrastructure Investment Bank
- c. BRICS New Development Bank
- d. EU Structural Funds
- e. The European Bank for Reconstruction and Development
- f. World Bank
- g. Asian Development Bank
- h. European Investment Bank
- i. Other(Specify)_____

21. What kind of issues are and will be faced by the China-EU financial cooperation during the construction of the Belt and Road (multiple choice)?

- a. Euro turbulence
- b. The low level of RMB internationalization
- c. Dollar as a major trading currency between two sides
- d. Imperfect financial cooperation mechanism
- e. Other(Specify)_____

22. In your point of view, what efforts need to be done to enhance financial cooperation between China and countries along the Belt and Road?

- a. Both sides should strive to building a currency stability system, investment and financing system and credit information system.
- b. China should increase the scope and scale of bilateral currency swap and settlement with other countries along the Belt and Road to facilitate China-Europe financial cooperation.
- c. Both sides should improve the system of risk response and crisis

management, build a regional financial risk early-warning system and create an exchange and cooperation mechanism of addressing cross-border risks and crisis.

d. Both sides should strengthen financial regulation cooperation and establish an efficient regulation coordination mechanism in the region.

e. Other(Specify) _____

23. People-to-people bond provides the public support for implementing the Belt and Road Initiative. To your knowledge, how is the people-to-people exchange and cooperation between China and your country progressing?

- a. Great
- b. Fairly well
- c. Not so good
- d. No progress
- e. Unclear

(Please specify reasons for every choice)

24. What kind of issues are and will be faced by the China-EU people-to-people exchange and cooperation (multiple choice)?

- a. Ideology is the biggest issue
- b. The existed exchange and cooperation can't play a role
- c. Both sides are short of willingness to exchange and cooperate
- d. People-to-people exchange is a long-term issue, so can't be fruitful in short-term
- e. The government of two sides attach no importance to it
- f. Other(Specify) _____

25. From your perspective, which kinds of people-to-people exchanges should be carried out extensively between China and countries along the Belt and Road?

- a. Cultural and Academic Exchanges

- b. Tourism and Sports Exchanges
- c. Media Cooperation
- d. Youth Exchanges and Volunteer Services
- e. Other (Please Specify) _____

26. What are your suggestions on strengthening the connectivity between China and countries along the Belt and Road?

Thank you again for your cooperation and support!

Chapter Three

The Risks Assessment of the Belt and Road Initiative in the Construction of the Europe

I. The overall risks

From the economic volume, the EU and China are both one of the world's three major economies. The importance of cooperation between these two major economies—China and the EU is self-evident to the world and China's economic development.^① Because of this, China has been committed to promoting the Eurasian economic corridor construction, promoting facilitation of bilateral trade.

After a series of efforts, China's capacity to manage and control the risks has improved a lot, but the problems of “soft” risks are emerging, which need to be assessed and addressed timely.

1. The potential risk of the break-up or the disintegration of the EU

Based on the current situation, the European integration is lacking momentum and faces the increased risks of going backwards. As a united big market, the EU has been playing a big role in promoting the connectivity and trade cooperation between China and Europe, and is one of the major engines for the development of European and Asian markets. If the EU, as a united market, splits or disintegrates, the cost of the cooperation between Chinese and European market will rise dramatically, which will be unfavorable to the

^① According to EU Statistics, just based on the PPP, in 2015, China's GDP ranked the first, 14879 billion Euro, EU ranked the second, 14635 billion Euro, USA ranked the third, 13677 billion Euro, see http://ec.europa.eu/eurostat/statistics-explained/index.php/File:GDP_at_current_market_prices,_2005_and_2013%E2%80%932015_YB16.png.

implementation of the Belt and Road Initiative.

Although the break-up or the disintegration of the EU is considered as a low probability event, it could still happen. The France's Front National that calls for separation from EU has targeted 2017 as the year to make utmost efforts to campaign for referendum and realize French exit from the EU. Despite the fact that it failed but the influence will continue and will cause troubles for the next elections after five years. The constitutional referendum held in Italy in 2016 wasn't approved and thus the constitutional reform did not come into effect. Following that, Renzi tendered his resignation as Prime Minister, which created favorable conditions for the 2017 campaign of the Italian populist party the Five Star Movement who called on people at all social levels to oppose refugees and the European integration. Spain's "We Can" party and Greece's Coalition of the Radical Left have received relatively high support in the national parliamentary elections in recent two years. Germany's populist party, the Germany's Choice Party (AfD) has experienced a rapid growth, adding some uncertainties to the 2017 German election. Within the EU, views about a weakening EU keep on rise. The EU disintegration used to be a forbidden topic for politicians, but now it usually becomes the focus of politicians' attention. Donald Tusk, the President of the European Council, also admits that the emotions like anti-EU, nationalism and xenophobia are running high within the EU. Worse, the number of people who still believe in policy integration falls sharply. The rise of populism and the increasing doubts for basic values of freedom and democracy also remain as major concerns. The EU has indeed come to the crucial moment at stake. If EU member countries don't work together, there is a possibility that the EU would cease to exist.^①

① "United we stand, Divided we fall", letter by President Donald Tusk to the 27 EU heads of state government on the future of Europe, <http://www.consilium.europa.eu/en/press/press-releases/2017/01/31-tusk-letter-future-europe/>.

2. Populism and trade protectionism prevail increasingly in Europe and the US

In recent years, the European populism is rapidly spreading throughout the Europe, which not only stands for the duel between the European Pro-Establishment Camp and the Anti-Establishment, but also reflects an unprecedented crisis of confidence encountered by the European integration. Issues such as the European debt crisis, refugee crisis and the Brexit have fueled people's doubts for the Pro-Establishment elites. Common people can hardly ever gain the benefits of European integration. Instead, they suffer from more and more unfair treatments. As a result, they grow increasingly suspicious of the mainstream parties.

The America's Anti-Establishment Representative Donald Trump was appointed as the President of the US on January 20, 2017. His victory of the presidential election has indeed mirrored that the mass are more in favor of the anti-immigration and the politicians who raise doubts for the western mainstream values, and they hope that the new state leader will find better solutions. However, the fact that Donald Trump came into power has further stimulated the rise of the European Right-wing Populism.

The increasing popularity of populism has made the EU more conservative with less time and power to synergize the cooperation with China, including the Belt and Road Initiative. The populism obviously advocates the anti-globalization agenda and holds that the emerging countries like China must shoulder necessary responsibility and make the market opening commitments in response to the benefits they have received from the globalization. Moreover, it urges the EU to protect its own market and job positions. Under such circumstance, the EU highly votes for the trade protectionism and frequently file anti-dumping and anti-subsidy on Made-in-China products.

With the change of the US and the EU's attitude toward the globalization as well as the further spread of anti-globalization, the trade protectionism is likely to become the biggest risk of the global economy in 2017. China has received the biggest number of the anti-dumping and anti-subsidy investigations

from Europe and America in recent years. In the mid-term of 2016, the Ministry of Commerce of China reports that, throughout the world, China has received most anti-dumping investigations for 21 consecutive years and most anti-subsidy investigations for a decade. Based on the situation at the beginning of 2017, China remains to be the main target of the “Double Antis” launched mainly by the US and the EU on the trade measures taken on China. This definitely goes against the Belt and Road Initiative which advocates openness, inclusiveness, free trade and more efficient globalization.

The European Union doesn't admit the full market economy status of China, the common “anti-dumping and anti-bribery” problems in bilateral trade can't be avoided. Meanwhile, trade surplus of China widely exists in European countries, and surplus accounts for a relatively high proportion trade which arouse strong attention from European countries.

The industrial capacity cooperation which China actively promotes doesn't achieve a high degree of cognition. At the same time, the entire Europe is faced with the problem of over-capacity, such as steel. International capacity cooperation causes complicated responses in Europe. On February 15, 2016, many industries in EU led by steel industry, mobilized about 4500 citizens to participate in a protest parade in Brussels, the headquarters of European Union, they tried to prevent EU from admitting the market economy status of China in order to avoid the unemployment tide caused by the great amount of steel export to EU. Since 2014, the EU has launched 15 surveys on trade remedy, 8 of which focus on steel products, more than 50%. If the EU admit the full market economy status of China, the protective measures named “anti-dumping” to levy prohibitive duty from China's steel export to EU can't work anymore.

3. The mutual sanctions between Europe and Russia impedes the Eurasian trade's inter-connectivity

In March, 2014, the EU began to implement sanctions towards Russia. In 2015 and 2016, the Europe and America continued and increased sanctions on

Russia, while Russia adopted anti-sanction actions.

Russia and CEECs are two critical junctures of Eurasian continent; therefore, the mutual sanctions between Europe and Russia have severely affected the inter-connectivity of trade in Eurasia, and caused disturbance to the realization of unimpeded trade in the construction of the Belt and Road. For instance, due to the Russia's sanctions on the EU, the agricultural products imported from Poland can not be delivered to China by the China Railway Express through the Eurasian Land Bridge. At the macro level, whether the tension between Europe and Russia can be alleviated could have profound impacts on the further connectivity of Eurasia and the progress of the construction of the Eurasian Economic Corridor. So far, the newly-elected President of the US, Donald Trump has the intention to alleviate ties with Russia. In addition, some CEECs also wish the EU to lift sanctions of trade on Russia as soon as possible. However, the opinions within the EU are divided on this matter. If the mutual sanctions between Russia and the EU remain unresolved in the short term, the construction of the Belt and Road Initiative will have to face with the risks of "there are links between Eurasian continent but poor connectivity".

4. The Ukraine crisis triggered the geopolitical conflicts of Eurasia

The Ukraine Crisis broke out in late 2013, which made the geopolitical conflicts and tensions between Russia and the West aggravated. Some CEECs such as Poland and the Baltic States have upgraded their defenses by introducing the power of NATO to confront Russia, and Russia responded the same. Currently, European countries are generally pessimistic towards the prospect of the Ukraine crisis and they believe that the Ukraine crisis will become a tricky and unresolved geopolitical crisis of Eurasia in the short run. The influence of the geopolitical confrontation on the connectivity of Eurasia is quite evident as the constant conflicts in the region aggravate the investment environment. Some CEECs including Poland call for China to resolve the geopolitical conflict by exerting policy pressure upon Russia based on its need

of promoting the Belt and Road Initiative.^① As a matter of fact, China will not interfere with Russia's domestic and foreign policies. Apart from that, the Ukraine crisis is by no means accidental, and it would be unfair to point the finger wholly at Russia. After all, the America and the EU's continuous expansion eastwards and strategic pressing on Russia also give rise to the crisis.

On January 31st, 2017, the east of Ukraine resumed war with another round of conflicts. At present, there is hardly any sign of complete alleviation of the Eurasian geopolitical conflict. In that case, the Belt and Road Initiative has to proceed and progress while facing geopolitical tensions.

5. The problems of immigration and refugees haunt Europe and the Balkans

The Balkans play an essential role in the construction of the sea route between China and Europe, but the region is geopolitically sensitive and extremely vulnerable to the geopolitical unrest. The relationship between some Balkans is problematic and suffers from the refugee crisis. In addition, some Balkans are in lack of economic and social stability. Meanwhile, the Balkan region is accessible to the refugees, facing serious challenge of refugee flows. Turkey has constantly suffered from violent terrorist attacks, which makes it hard for the EU to rely on Turkey for refugee resistance. The sea route in construction passes many Balkan countries including Greece, Serbia, Hungary and Macedonia, and will most probably involve Turkey which is struggling with terrorism, refugee crisis, ethnic groups' contradictions and domestic political instability. Due to the external threats, the security and stability of the Balkans are in great peril, which will in turn affect the layout and the progress of the Belt and Road Initiative construction in Eurasia.

6. The competition between road transport and sea transport

The China-Europe Land-Sea Express Passage bears 98% of the total

^① The speech from the Polish Foreign Minister Witold Waszczykowski at the Chinese Academy of Social Sciences on April 25, 2016.

transportation of Sino-EU trade products and consists of two routes of ocean transportation: the first route starts from Asian base ports and reaches European base ports via South China Sea, the Strait of Malacca, the Indian Ocean, the Red Sea, the Suez Canal, the Mediterranean Sea, the Strait of Gibraltar, the Atlantic Ocean and European base ports; another route connects Asian base ports with European base ports through South China Sea, the Indian Ocean, the Cape of Good Hope, the Gulf of Guinea and the Atlantic Ocean. The sea transportation has several merits including convenient customs clearance that only requires two transport documents, high loading of containers and low transportation cost. The disadvantages of the sea transportation are relatively long distance and time of transportation.^① The road transport including the China Railway Express is more time-efficient than the sea transport, but the price is much higher with more complicated process of customs clearance.

Both the road transport and sea transport have pros and cons. Some cargoes can be delivered by either land or sea transport, which intensifies the competitions between two modes of transportation over supply of goods. There has always been such kind of competition between the China Railway Express and the China-Europe Land-Sea Express Passage due to the shortage of goods. From my perspective, this issue should be addressed through the active coordination of governments and guilds. In addition, the collaboration between road transport and sea transport is the general trend of the China Europe corridors construction.

7. The competition between China and Russia on the construction of Eurasian corridors

When it comes to the construction of Eurasian corridors, Russia is committed to developing the Siberian corridor which is also called the First Eurasian Land Bridge. China is concentrating on exploiting the new Eurasian Land Bridge, namely, the Second Eurasian Land Bridge. As the country of

^① Xiao Yang, "China Europe Land and Sea Express Passage and the Balkan Nexus of the Belt and Road Initiative Logistic Network", *Journal of Contemporary International Relations*, No.8, 2015.

origin and cargo distribution on the Second Eurasian Land Bridge, China will not seek as far as transporting the Sino-Europe commodities through the First Eurasian Land Bridge. The Second Eurasian Land Bridge is definitely the intercontinental railway framework of the Silk Road Economic Belt.

The strength of the First Eurasian Land Bridge are as follows: to begin with, the freight time is predictable due to the fact that the railway gauge of CIS countries (the Commonwealth of the Independent States) is the same with that of Finland with no need of replacement. Secondly, after the containers get loaded at the Vostochny Port of Nakhodka, the arrival time at each stop along the route and the consuming time for the whole journey will be accurately calculated. Besides, Russia, Kazakhstan and Belarus have formed a customs union to simplify the process of customs clearance. The Second Eurasian Land Bridge, on the other hand, is also advantageous and well-received due to the relatively short distance and low cost of railway transport. Specifically, compared with the First Eurasian Land Bridge, the Second Eurasian Land Bridge makes the distance between China and Central Asia above 1000 kilometers closer. Also, the short-distance (around 1000 kilometers) inter-country transportation has relatively low cost.

Russia has always regarded the exploitation of the First Eurasian Land Bridge as the basic national policy aimed at driving the economic development of the Far East. It not only targets the Second Eurasian Land Bridge as the main competitor, but also adopts various measures to expand the influence of Russian railways in the development of Asia-Europe logistics. Firstly, by making full use of multilateral platforms such as the CIS Railway Transport Commission, Russia actively pushed the CIS countries to use unified railway standards based on Russian railways in order to monopolize market of railway equipment in Central Asia. Secondly, Russia established the “Wide Rail Gauge Alliance” through the international cooperative mechanism of 1520 mm gauge railways. Based on this, Russia joins hands with Kazakhstan and, Belarus to set up the united transportation company while taking charge of the Asian part of the Eurasian Railways. Thirdly, Russia proposed to establish a joint venture

rail company (Trans-Eurasia Logistics) with China, Germany and Kazakhstan, so as to build the Russia-oriented Eurasian logistic chain of railway container transport. All these actions of Russia have added competitive pressures to the promotion of connectivity of the Second Eurasian Land Bridge by China.

China still needs to prevent Russia from taking apart the China-Europe freight trains. As a matter of fact, some China-Europe freight trains such as the trains departing from the northeast of China run through the First Eurasian Land Bridge while others travel via the Second Eurasian Land Bridge. So far the unified identity of the freight trains has only been realized in several provinces in China instead of the whole country. Therefore, competitions are quite frequent over the transport routes and the supply of goods all around the country, which makes it possible for Russia to adopt the “divide and rule” strategy towards China.

8. The confrontation of ideology

China and the EU have different institutional systems and values, the ideological barrier will exist for a long time. The two sides are lack of cognition in behavior, value and other aspects due to the ideological differences, and it will be a long way to enhance mutual trust. For example, the comments of the Polish public on China are ambivalent, and ideological prejudice always exists. Its Asian policy is sometimes constrained by USA and domestic opposition, also is influenced by ideology and values. No matter which party is in power, there will be no big change. In 2013, Foreign minister of Poland, Sikorski, emphasized in a parliamentary speech, “If China decides to realize political pluralism as some points, Poland can offer its own experience to China.” Conservative Law and Justice Party is a party with strong ideology, its policy towards China would follow the tradition of predecessor. When president Duda visited China in 2015, he boarded the plane with a “Red is bad” clothes. The “red” means the Communist Party in the view of Rightists. The Polish citizens considered that Duda was showing his patriotism. While the media doubted the two sides of Duda: on the one hand, he expressed his anti-communism position;

on the other hand, he was on the way to ingratiate himself with Asian leaders. It reflected the characteristics of diplomacy of the Poland's new government to some extent, the politician tried to keep artful balance between pragmatism and values.

II. Analysis of specific risks

In order to thoroughly demonstrate the risk of China's investment in Europe, this paper selects six cases for further analysis and illustration. These cases indicate that in order to promote our trade and investment in Europe, a series of potential risks ought to be overcome, including public opinion security risks, self-management risks of the corporation, risks brought by local and EU rules, and risks of political changes. The paper also cited Changhong's investment experience in the Czech Republic as a positive case to demonstrate that no matter in the Belt and Road construction or in any other investments operated abroad, how to realize localization is always essential.

Once becoming familiar with these cases, Chinese enterprises will be able to avoid detours while "Going Global". We can observe that, taking COSCO's acquisition of Piraeus as an example, although they went through various political risks, ultimately the risks were overcome and the acquisition turned out to be a success. Though problems emerged, in the cooperation of Sichuan and Lodz as well as in the Liugong's acquisition of HSW Poland, ultimately they were properly resolved. The purpose of case study is to provide some useful inspirations for the enterprises, trying to avoid risks and taking a smooth path.

1. Risk of misleading public opinions: the cooperation between Sichuan and Lodz, Poland

The cooperation between China's Sichuan Chengdu and Poland Lodz has been very close. In addition, and Rong-Ou Express has been quite typical in the cooperation motivated by the Belt and Road Initiative, and is also an excellent achievement of Sino-Europe cooperation at local level. However, now the

Polish society has been fiercely discussing this exemplary local cooperation.^①

Lodz always holds a strong desire to develop economic cooperation with China, and has initiated it many years ago. The leaders of the city of Lodz visited China for various times. In the bilateral cooperation, Hantrans Company of Lodz eagerly develops the freight business with Chengdu, of which the Rong-Ou Express is a typical achievement. The train connecting China and Lodz is capable of transporting large commodities and delivering them in just 2 weeks, much faster than ocean shipping. In 2013, China actively promoted the Belt and Road Initiative and under this background such cooperation was also speeding up.

In the construction of the Silk Road, Chinese cargo must go through Poland before reaching Europe, while Lodz is a significant Polish distribution center, playing an increasingly important role in the Belt and Road construction. Due to the advantageous geographical location of Lodz, it is a natural option to establish a large cargo distribution center in this region so that the goods can be stored, packaged and shipped to the next station from there.

China has been planning to build a cargo distribution center at Lodz, and the planned venue, formerly a military site, covering an area of 33 hectares in the Pryncypalny street. There lies a railway, which facilitates the transportation of cargo. In 2015 this area was classified as a special economic zone, aiming at attracting more investments or to be sold to investors. Lodz's Hantrans was also willing to develop this place. With the Chinese investment, Lodz would get a considerable amount of tax income. However, the two auctions held by the Polish military authority are both halted for all sorts of reasons.

According to reports of Polish media, the Chinese people were very dissatisfied with this result, closing their factory in Lodz and returning to China. Since the sale of pryncypalna block to China suffered failure, Chinese trains met problems in unloading. In 2016, 400 trains passed through, and in 2017 it

① <http://lodz.wyborcza.pl/lodz/1,35153,21204457,drugi-sukces-macierewicza-chinczycy-odchodza-z-lodzi.html>.

is expected to exceed 1,000 (800 of them have been signed). Now they arrive at stations of Spedcont Company and Olechowie Company. According to a local director of Lodz, these trains must wait in line for an unloading position, which will only be available while trains arrive late and operating windows are closed.

Spedcont Sales Manager Mitchell Gavin said that in 2016 the company carried 12,000 trains, and its largest capacity is 30,000. “We are planning to invest in Lodz’s freight station, but the problem is that the Chinese people do not want to support business constructed by others. If they want to build their own distribution center, then they definitely can make it done, and it does not has to be in Lodz, it can be in everywhere.”

According to media reports, the Polish Defense Minister Antoni Macierewicz (who has been at the current position since 2015) is the one that showed at the critical moment and disrupted the Chengdu-Lodz cooperation. Polish media said Macierewicz believed that the Belt and Road passing through Poland was a threat to his country. In an interview with a local television of Toronto, Canada, he said that China has not build anything in Lodz, that the Belt and Road Initiative was China’s expansion, and that this initiative as an agreement between Western Europe, Russia and China would weaken the influence of the United States in the Eurasian region and affect the independence of Poland. The media continued to point out that if the Chinese plan to build a distribution center in Lodz were laid aside, it would be the second large-scale investment project cancelled under Macierewicz. The first one was the plan proposed by Airbus to build a manufacture base of large helicopter in Lodz, which was also rejected for security reasons.

In terms of whether the Polish Defense Minister stopped the Sichuan-Lodz deal, the author interviewed scholars of Polish think tank on April 24, 2017, and one of them stated that this was a fake news fabricated by the media, which quoted Macierewicz’s speech two years ago but his original words had nothing to do with this deal. The reasons why the media were doing this were probably for political disputes and for exaggerating China’s investment risk. For example, some Polish media reported that Macierewicz opposed the Airbus

project in order to deliberately act on the contrary to Mateusz Morawiecki, Vice President and Minister of Development of Poland, because the Airbus project is originally monitored by a compensation department of the Ministry of Development, but during the negotiation of the project, it was removed from the Ministry of Development. It is still unsure whether the political disputes led to the negotiation failure between Chengdu and Lodz. According to interview made by the author on April 25 with a former Polish government official, we learned that in fact the conditions of the so-called goods distribution center that Sichuan wanted to buy were still far from mature, and a series of problems like land properties and acquisition conditions have not been resolved yet, which means that the deal is far from concluded. Therefore, apparently the media coverage intended to broadcast the “failing atmosphere” of the Belt and Road Initiative.

In view of the above-mentioned conditions, we should keep calm and seek the truth. Our relevant departments also need to clarify the truth in time to avoid harmful atmosphere of public opinions, preventing it from affecting our cooperation with the local authority of Poland.

2. Operation risk of the firms: LiuGong’s merger of a famous Polish company

In 2012, at a price of 170 million zloty (about 335 million yuan), Guangxi LiuGong Machinery Co. Ltd purchased 100% of the stakes of the Department of Construction Machinery of Poland HSW and its wholly owned subsidiary corporation Dressta. HSW is the largest construction machinery manufacturer in Central and Eastern Europe and one of the few manufacturers in the world owning a complete production line of bulldozer. So far this is LiuGong’s first overseas acquisition and also the largest Chinese investment project in Poland.

Poland HSW is the largest manufacturer of construction machinery in Central and Eastern Europe, and the whole series of bulldozers produced by them is world leading. The factory was a military enterprise established by the Polish people in World War II to defend their country and rejuvenate

the nation. In 1937, the government recruited a large number of experienced industrial workers and sent them to the Carpathian Mountains Province in the southeastern part, then they built the steel and ordnance factory with “steel will”. At the same time, around this huge factory, there developed a new city named Stalowa Wola, which means Steel Will City. After the Second World War, HSW rallied to manage the military enterprise, and began fabricating civil construction machinery, including crawler bulldozers, wheel loaders, excavators and other machines. In addition, it introduced advanced technologies from the International Harvester Company of United States, from Dresser Industries and also from the United Kingdom. After localization and optimization, they created a completely disposed product line and the brand Dressta with good reputation in the international market. Through years of hard work, they educated a large number of high-level talents in researching and manufacturing. Gradually HSW became a super integrated group with more than 20,000 employees. However, since the 21st century HSW failed to make a transformation timely and effectively along with the changing global construction machinery market thus this giant gradually began to fall apart and ended up with being sold and regrouped.

According to reports from Polish media^①, the Steel Will City, where produces world first class machinery, is LiuGong’s business card in Europe. The local newspaper said: “we warmly welcome the Chinese people”. Dressta produced world famous excavators and loaders in Poland. However, by the beginning of 2017, Chinese investors had lost more than 40 million zlotys in their sales. Chinese people have promised that, with the mechanical painting technology, the welding work will also be done by the machine, then they will sell this new product to the world. However, the investment carried out by Chinese people in the original Steel Will City is no more than repairing the roof and buying computers. In addition, LiuGong is now laying off employees. They

① The coverage of Poland’s media, see <http://natemat.pl/170845.jak-chinczycy-wygaszaja-polska-firme-obiczywali-cuda-a-tymczasem-sa-zwolnienia-i-kolosalne-straty>.

expelled a lot of experienced managers: experts who worked for many years, traders, experts in the construction of distribution network and in other fields. However, according to the studies of the author, in 2012, LiuGong and HSW signed a merger agreement regulating an employment protection period of four and a half years, after that the company can hire or dismiss employees according to the performance of the staff.

Polish media also said that distributors all over the world were using the logo of Dressta, but LiuGong replaced it with its own. Chinese people just want to integrate and take advantage of the Dressta brand, using this brand to establish their own connections with the distributors and then find buyers for their machines in Europe. The Chinese threatened the Polish machinery manufacture industry. Many customers do not know whom they are working with and what has changed. Slowly, the Chinese began to lose their markets, for example in the US market, where the profit for construction transactions is the largest. Representatives of Mexican companies also declined cooperation in the future—a manager responsible for overseas dealers said they do not want LiuGong, they want Dressta made in Poland.

LiuGong Group seems to be aware of the serious deficit problems, so the company has now changed the company name to Liugong Dressta Company. In 2012, China lost more than 20 million zloty, and in 2013 the loss exceeded 46 million zloty. In 2014, in the context of global recession in construction and mining industry, the loss would be even greater. The Chinese side began to persuade employees into quitting voluntarily, but encountered protest from the labor union, because they offered less compensation than the regulated amount in the employment protection regulation.

When managers of LiuGong were interviewed in the Steel Will City, they did not answer questions on downsizing the company. Instead, in the official press conference they just said that the company was drafting a new five-year development plan. “We are convinced that with the help of our investors, with the joint efforts of all our employees and with the support of the whole society, we will reach our expected goals.” As Yindeng Wu, Chairman of the Liugong

Dressta Machinery said.

As the Polish media commented, the case of LiuGong is the largest investment achieved by Chinese capital in Poland. The Chinese people will use it as a method to enter into the European market. Will LiuGong ended up the same as COVEC, who gave up the A2 Highway Project and ran away despite high outer expectation? The most pertinent advice on China's investment should be the report on the impact of globalization on Steel Will City's employees in 2013. Many of these analyses pointed out that the evaluation of working for Chinese company is "not recommended, low status, no decent wages".

In term of the above-mentioned media reports, the author also interviewed a former Polish government official, he commented that LiuGong's brand marketing strategy did seem to have some problems and was being adjusted. Though LiuGong's development in Poland is not that serious as the media hyped, but companies must be equipped with extraordinary skills in order to survive in Europe. They must learn to resist this risk, including improving their self-management level to cope with risks.

3. Risk of entering into the market: the failure of A2 highway project

In 2009, China Overseas Engineering Co. Ltd., a subsidiary of China Railway Company Limited, won the bid for the Polish A2 highway project, an important construction in the preparations done for the 2012 European Cup. The highway connected Warsaw, Poland directly with Berlin, Germany. COVEC have been trying to enter the European infrastructure market, and A2 highway is undoubtedly an opportunity. In September 2009, the project called for public bids. COVEC responded quickly and the joint group led by COVEC finally won the contracts of A and C sections at a price of 1.3 billion Polish zloty (about 472 million US dollars, 3.049 billion yuan), which is the first large-scale infrastructure project contracted by Chinese companies in EU countries. However, in June 2011 the Polish government terminated the contract with the Chinese company, and "the first bid" of Chinese infrastructure in Central

and Eastern Europe ended up with failure. On account of this issue, almost all the domestic media accused COVEC unanimously of entering into the market blindly and leading to its own failure. As a matter of fact, we should analyze COVEC's case critically, objectively and comprehensively, only in this way can we provide rich and comprehensive references for Chinese companies in the future when investing in Central and Eastern Europe.

First of all, we should notice some unpredictable risks in the investment case of COVEC: (1) the time of bidding coincides with the financial crisis in 2009, when the raw material prices are relatively low. After the auction, the project was delayed due to weather reasons (an uncontrollable factor), and during this period the Polish economy quickly recovered and to welcome the 2012 European Cup it began to build infrastructure on a large scale. As a result, the prices of raw material for construction climbed sharply: in just one year, the prices of some materials and the rental cost of excavating equipment rose by 5 times, leaving the Chinese contracted project in a situation of loss from the very beginning. (2) China's investment in this project used to get official support from the Polish Government. The Polish People's Party, one of the ruling parties of Poland was eager to enhance their political performance and had firm confidence on the "Chinese Speed". On the other hand, European and American contractors have been charging too high for constructing infrastructure in Central and Eastern Europe, and the Polish government also wished to bring Chinese companies into the competition in order to lower the price. They sent government representatives to lobby in China for several times, and the unreasonably low price offered by the Chinese company did not raise their awareness. As for the Chinese side, they believed that they could win the bid first with price competition and then ask the Polish government to come for help when encountering difficulties. However, when the company did get trapped, things did not go on as they expected. In June 2011, Polish Prime Minister: Donald Tusk firmly rejected the price adjustment proposed by the Chinese party and terminated the contract. (3) When the investment loss occurred, as the responsible parent firm, the China Railway Corporation failed to support

for COVEC. This is because at the beginning of 2011, the case of the Minister of Railways Liu Zhijun and the problems emerged in the railway projects construction together lead to a recession in domestic railway investment, and China Railway has been significantly affected, unable to provide timely and necessary help for overseas subsidiary companies. (4) Poland's Highway Authority does not operate as regulated in the bidding process, in which the risk assessment and risk control are not done effectively. The Polish party should have designed the project contract in more scientific and standard way. In addition, when the Chinese side put forward their reasonable demands in construction, the Polish side terminated the contracts unwisely without evaluating the actual situation. Taking into account all the above factors, there are certain specific reasons for the failure of COVEC's investment in the Central and Eastern Europe and we must not lose our confidence of investing. After all, the infrastructure market in Central and Eastern Europe is very large and worthy of paying tuition fees.

On the other hand, there also exist some direct reasons of the COVEC for its own failure. (1) They entered into the market blindly without carefully investigating the situation. At the early stages of investment, they laid too much faith on the opinions of several Polish experts, while did not fully understand the local infrastructure sector, just as they did not understand the EU's special regulations. For example, it is regulated that the highway must be equipped with special passageways to protect wild animals, a contracted project must hire local workers, which impedes cheap Chinese labor forces from entering into Poland, and so on. In addition, they did not have their own material suppliers, resulting in a straight rise in the cost of purchasing and leasing raw materials and equipment. All these factors lead to the exceeded budget. (2) The internal management is poor. Inside the joint group there are numerous contradictions, and relationships between working partners are not clearly defined, which seriously affected the work efficiency. (3) The "Chinese operating model" of construction did not work in Poland. The Chinese way is to compete with low price when entering into the market and to raise price during the construction

process, a method that works well in China but not in foreign countries. (4) They did not examine technical details carefully. The tender of the project function specification provided by the Poland side was unclear. The Chinese side neither noticed this, nor did they understand the complicated geological conditions of the construction section. To sum up, technical staff of the Chinese side did not make enough preparation before bidding.

4. Risk of EU intervention: the construction of Hungary-Serbia Railway

With a total length of 350 km, the Hungary-Serbia Railway connects Budapest, capital of Hungary and Belgrade, capital of Serbia. 166 km of the railway locates in Hungary and the other 184 km is in Serbia. The project is an electrified fast railway that transports both passengers and cargo. The construction will include transforming current single-track railways to double-track ones and building new double-track railways in some sections. The designed maximum speed is 200 km per hour, and by the time of completing, the travelling time between the two place would be shortened from 8 hour to 3 hours or even less. Prime ministers of China, Hungary and Serbia announced at the Budapest Summit (November 25, 2013) that these three countries would coordinate to build this railway linking Belgrade and Budapest and to set up a working group immediately to advance the project as soon as possible.

The Hungary-Serbia Railway is an exemplary project of the Belt and Road construction in Europe, whose progress has aroused wide concern. Recently, several international media reported that, according to some EU officials, the European Commission is going to investigate the financial viability of the \$ 2.89 billion project and whether it has violated the EU laws of open tender. The European Commission's investigation includes the agreements signed separately by the Hungarian and Serbian governments, but Hungary, as a member of the EU and regulated by its laws, is the focus of investigation, and Serbia who is seeking to join the EU is under looser regulations. If break the EU law of tender, they may face fine or prosecution.

On November 24, 2015, the governments of China and Hungary signed the Agreement on Development, Construction and Financing of the Hungarian Section of the Hungary-Serbia Railway Project. According to that agreement, the China Railway International Group (a wholly owned subsidiary of China Railway Group Limited) and China Railway International Co., Ltd. (subsidiary of China Railway), together with the Hungarian State Railways, set up the China-Hungarian Railway joint venture, which will be the general contractor of the Hungarian section of the project. In this joint venture, the Chinese part accounted for 85% of the shares, while Hungary accounted for the other 15%.

On April 12, 2016, the Hungarian Parliament adopted the decision to update the Hungarian section of the Budapest-Belgrade Railway with 123 votes of support, 6 votes against and 45 abstentions.

But exactly at this moment, the EU showed up for investigation.

On May 26, 2016, the European Union launched the first step on the Hungary-Serbia Railway investigation. The European Commission mainly questioned the intergovernmental agreement signed between Chinese and Hungarian government, which directly authorized the operation of the project to the joint venture set up by state-owned companies of the two countries, thus violating the rule of open competition in bidding. Unclear about what role the Hungary State Railway will play in the joint venture which was set up for this project, the EU has also expressed concern on that.

In response to the suspect raised by the European Commission, the Hungarian government replied in August 2016 explaining that under the cooperation agreement between China and Hungary, the general contractor and shareholders of the section would not participate directly in the operation of the project. The Hungarian government also pointed out that the intergovernmental agreement is not related with EU common commercial policy. The information provided by the Hungarian State Railways shows that the role of the joint venture is selecting designer and contractor of the construction through bidding, and is responsible for the management and supervision. The China-Hungary Joint Venture will not undertake the construction, but will participate

in coordinating the work of designers and engineers.

The Hungarian government has not denied that the Hungary-Serbia Railway Project is being investigated by the European Commission, but they made it clear that the Hungarian side signed the related agreements with China after consulting the EU, and the agreement also includes an attachment explaining how this cooperation would conform to the EU's procurement law.

At the Riga Summit held in Latvia on November 5, 2016, Sun Ziyu, vice president of China Communications Construction and representatives of China Railway International Co. Ltd. signed the commercial contract of the first section with the Serbian government on behalf of the Chinese group. This marked that the Hungary-Serbia Railway under cooperation between China, Hungary and Serbia entered into the phase of implementation. China Railway International Corporation and China Communications Construction are the general contractor for the Serbian section of the Hungary-Serbia Railway, financed by the Export-Import Bank of China.

At present, China, Hungary and Serbia have signed the Business Contract of the Serbian Section of the Hungary-Serbia Railway, the Financing Memorandum of the Serbian Section of the Hungary-Serbia Railway, the Construction Contract of the Hungarian Section of the Hungary-Serbia Railway, and the Financing Memorandum of the Hungarian Section of the Hungary-Serbia Railway. The importance of business contract is obvious, but the financing memorandum is not legally binding.

According to the author's communication with Márton Schoberl, the Director of the Hungarian Institute for International Affairs and Trade, it is normal that EU conducted investigations, because they must do it for the sake of transparency, and such investigations are not rare in the EU. At present, the bidding of the Hungarian section of the Hungary-Serbia Railway has been completed, though not recognized by the EU because a joint venture formed by two Chinese companies and a Hungarian one won the bid as the only competitor in the bid, causing that EU thinks it does not conform to the regulations.

The restrictions from EU rules form a barrier in the construction of the Hungary-Serbia railway, and good communication with the EU requires efforts on both sides. China should also coordinate well at the level of Sino-EU relations. In the future, the construction might also encounter financing problems and the question of how to cooperate with third parties such as Russian enterprises, but for now how to cope with regulations and investigations of the EU is the one that need to be faced and solved immediately.

5. Risk of blind competition: the case of China-Europe Railway Express

China-Europe Railway Express refers to China's fast freight trains to Europe, which is suitable for marshaling container trains. At present, 20 cities opened block container trains to European cities, and nationwide there are 40 fixed lines in total. There are three routes in the west, middle and east: the western channel departs from the Midwest of China and exits from Alataw Pass (Khorogos), the central channel departs from North China and exits from Erenhot, and the eastern channel departs from the southeast coastal areas and takes Manchuria (Suifenhe) as exit.

Till now, the China-Europe Railway Express mainly includes but is not limited to the following routes:

(1) China-Europe Railway Express (Chongqing-Duisburg). It departs from the Chongqing Tuanjiecun Station, traverses the Alataw Pass and crosses Kazakhstan, Russia, Belarus and Poland before arriving at Duisburg station, Germany. In the 15 days journey the train will span 11,000 kilometers. The main cargo is carrying local IT products, but since 2014 it has begun to attract other commodities of exportation to Europe from surrounding areas. The first train departed on March 19, 2011.

(2) China-Europe Railway Express (Chengdu-Lodz). It departs from Chengxiang Station, Chengdu, crosses the border at the Alataw Pass, passes through Kazakhstan, Russia and Belarus and finally arrives at Lodz, Poland. The journey lasts 14 days and the whole length of railway is 9,965 kilometers.

The cargos are mainly local IT products and others. The first train departed on April 26, 2013.

(3) China-Europe Railway Express (Zhengzhou-Hamburg). It departs from Putian Station, Zhengzhou, crosses the border at the Alataw Pass, passes through Kazakhstan, Russia and Belarus and finally arrives at Hamburg, Germany. The whole length of railway is 10,245 kilometers and the journey lasts 15 days. The sources of cargo are mainly from central and eastern provinces like Henan, Shandong, Zhejiang and Fujian. The variety of cargo includes tires, high-grade clothing, stationery and sporting goods and crafts. The first train departed on July 18, 2013.

(4) China-Europe Railway Express (Suzhou-Warsaw). It departs from Suzhou, crosses the border at the Manchuria and arrives at Warsaw, Poland via Russia and Belarus. The whole length of railway is 11,200 kilometers and the journey lasts 15 days. The cargos include notebook computers, tablet PCs, LCDs, hard drives, chips and other IT products from Suzhou and surrounding areas. The first train departed on September 29, 2013.

(5) China-Europe Railway Express (Wuhan-Czech & Poland). It departs from Wujiashan Station, Wuhan, crosses the border at Alataw Pass, passes through Kazakhstan, Russia, Belarus and arrives at cities of Poland, Czech and Slovakia. The whole length of railway is 10,700 kilometers and the journey lasts 15 days. The cargo includes consumption goods like notebook computers and other products from surrounding areas. The first train departed on October 24, 2012.

(6) China-Europe Railway Express (Changsha-Duisburg). It departs from the Xia'ning freight yard of Changsha and is formed by one main line and two auxiliary lines. The main line connects Changsha and Duisburg of Germany, passes through Alataw Pass, Kazakhstan, Russia, Belarus, Poland and Germany. The whole length of railway is 11,808 km, and the journey lasts for 18 days. The first train departs at October 30, 2012. One of the auxiliary line leaves China from Khorgos, Xinjiang, travelling 8047 km for 11-day journey before eventually arriving in Tashkent, Uzbekistan. The other line leaves China from

Erenhot or Manchuria and arrives at Moscow, Russia, with a length of 8,047 km (or 10,090 km) in total and lasts for 13 days (or 15 days).

(7) China-Europe Railway Express (Yiwu-Madrid). It departs from the West Station of Yiwu, crosses the border at Alataw Pass, passes through Kazakhstan, Russia, Belarus, Germany, France and Spain. The whole length of railway is 13,052 kilometers and the journey lasts for 21 days. The cargo includes consumption goods like notebook computers and other products from surrounding areas. At 11 am, 18 November 2014, the first express train departed from Yiwu to Madrid had 41 trains with 82 standard export containers, and a total length of more than 550 meters. It is the longest express train in Chinese history, going through more countries and cities and switching more tracks in foreign countries than any other trains.

(8) China-Europe Railway Express (Harbin-Russia). On February 28, 2015, a block container train loaded with oil exploration equipment departed from Xiangfang Railway Station, Harbin, and in 10 days later it would arrive at the Biklyan Station in Central Russia, which marked the official operation of China-Europe Railway Express in Heilongjiang, the most northern province of China. The whole length of the railway is 6,578 km. It runs along the Binzhou Railway (1,004 km), leaves China by way of Manchuria, and then takes the Russian Siberian Railway (5,574 km) to reach Biklyan station. By transporting goods through the international freight train, it saves 75% of the freight fee between Heilongjiang Province and Central Russia compared to air transportation.

(9) China-Europe Railway Express (Harbin-Hamburg). Operating since June 13, 2015, it departs from Harbin, passes through Manchuria, Zabaykalsk (Russia) and Chita (Russia), and then changes to Trans-Siberian Railway. Eventually it arrives Hamburg, Germany by way of Yekaterinburg (Russia), Moscow (Russia) and Marashevich (Poland). The whole length is 9,820 km, and mainly transports electronic products and mechanical tools.

(10) China-Europe Railway Express (Xi'ning-Antwerp). On September 9, 2016, the first China-Europe express train in the Qinghai-Tibet Plateau was

sent from the Shuangzhai Railway Logistics Center in Xi'ning City, Qinghai Province, and headed to Antwerp of Belgium, Europe's second largest container port. The journey was about 12 days, and mainly transported special local products like Tibetan carpet and lycium chinense. The first train departed from Xi'ning, passed through Gansu and Xinjiang, left China via Alataw Pass, went by Kazakhstan, Russia, Belarus, Poland and Germany and eventually arrived in Antwerp, the second largest city of Belgium. In the whole journey it crossed six countries and ran 9,838 km in total.

Currently the main problems of the China-Europe Railway Express are:

(1) Huge amount of subsidies that disobey the market rules

In the 20 cities where expresses are operating, the local government pays a huge sum of subsidies to the project at any expenses, lowering the transportation fee of the express train as cheap as maritime transportation. Owners of cargo also regard the subsidy as a determining factor in logistics. They will even choose a far logistics center rather than a nearer one, just because the subsidies are higher.

(2) Lack of cargo in the return journey, which increases the operation cost

The China Railway Express is still facing with the problem of few goods in the returning way, and this situation restricts the operating room of the express. At present, the annual shipping volume between China and Europe is more than 70 million tons by land transport and more than 200 million tons by maritime transport, but most of the goods are exported from China to Europe, while Europe only exports to China a small amount of precise instruments, machinery and clothing. Most of China's containers arrive fully loaded but come back empty.

(3) Projects are initiated blindly without feasible study in advance

In order to compete for projects, the relevant provinces would initiate freight train projects at any cost. For cities along the Silk Road Economic Belt, the one who seizes the strategic position will enjoy political favors and then becomes advantageous in the province's industrial upgrading and foreign trade, with benefits like tax cuts and so on. In general, there is no in-depth investigation in terms of the

cargo, source and trade structure etc, and obviously more importance is attached to political performance than market rule.

(4) Coordination at the national level needs to be enhanced

In 2016, the National Development and Reform Commission announced the “China-Europe Railway Express plan (2016-2020)” which aimed to coordinate issues like the disorderly development of the block trains between provinces. However, it failed to make a proper estimation of the foreign environment, internal problems and resource restrictions of the planning. In addition, most of the coordinated provinces were mainly in the central and eastern regions based on the principle of voluntary participation, and functional issues like inspection and quarantine, transport layout adjustment and so on are not synthetically considered. For example, if we were to relocate the location of the freight hub, it requires investigation and coordination at the national level to decide to where should it be transferred.

(5) Lack of investigation in the future panorama of the freight train

The operation of the freight train was originally a local behavior, started by the local authorities out of their actual needs. At present, in the area of Sino-Europe trade there still lacks feasibility study on the complementarity and potential of the import and export between the two markets. Such issue should be better undertaken at the national level, since there will be limitations if done by local governments only.

(6) The long-term ambition is still under observation

The China-Europe Railway Express is just a carrier. According to the plan of constructing Silk Road Economic Zone, the final goal is to transform it from a transport corridor to an economic corridor, and even an economic belt. The way to construct the economic belt is to reach an agreement on free trade area with countries along the Belt and Road, but the FTA strategy is impeded by obstructions from Russia and EU and faced with many difficulties.

The construction of economic belt currently enjoys a series of favorable conditions. The transformation of domestic and international industries and the adjustment on geographic locations will influence the global supply chain,

triggering a huge change of the logistics pattern, which is beneficial for the construction of a logistics channel at global level. It brings a new opportunity for building a large-scale, channelized and widely influential international logistics system in China. However, in order to develop a truly reasonable economic zone, it must be properly coordinated and fully demonstrated. At present, the opening of the China-Europe Railway Express is overheated and blind. There is an obvious trend that the local authorities use it as a tool to add achievements for their own career, which significantly increased the market risk.

6. Risk of political turbulence: COSCO's acquisition to Piraeus Port of Greece

The Piraeus Port is the largest container port in Greece. Geographically, the Piraeus is one of the transportation hubs of the Mediterranean region. On its north there lies Macedonia, Serbia and Hungary, with an influential range of 32 million people. Meanwhile, Piraeus is also the nearest European port for China. If cargos are unloaded here, not only will the transportation costs be greatly reduced, but also it strengthens China's cooperation with European countries, especially with Greece.

In 2008, Greece declared to initiate the privatization of the Piraeus Port. After fierce competition, China Ocean Group won 35 years of franchise of the port, offering a price of 4.3 billion euros in November of the same year. COSCO Group and the Greek Piraeus Port Authority formally signed the agreement to transfer the operating right of the port.

Since the outbreak of sovereign debt crisis in Greece at the end of 2009, the country has been experiencing political instability for the serious impact of fiscal austerity and economic recession. The European Union and the International Monetary Fund have provided them with up to 240 billion euros in aid loans. As a term of exchange, they demanded that Greece should implement austerity measures, including the sale of state assets. Under pressure from the outside, Greece began with privatizing 30% of the shares of the state-owned

energy company PPC, and then proposed the privatization of the remaining state-owned shares in Piraeus. According to the privatization program of state-owned assets, Greece held public tender for selling 67% of the shares in Piraeus. COSCO Group and four other companies entered the final list, and once won the bid, the successful bidder would have complete control of the port.

However, political fluctuations affected the acquisition of Chinese companies. From the outbreak of the sovereign debt crisis in 2009 to the day when the new government came to power in 2015, the Greece has witnessed two government changes and five prime ministers: Papandreou, Papademos, Pikrammenos, Samaras and finally, Tsipras, leader of the radical left party SYRIZA who came into position by general election on January 25, 2015.

Continuous political fluctuations have brought a certain impact on the Sino-Greek cooperation. Different political parties varied in investment-attracting policies and in privatization goal, which led to a lack of continuity of policies. On January 25, 2015, the SYRIZA that has always been opposed to the fiscal austerity won the general election. This party has always been against “tightening for the difficulties”, and during the campaign it put forward political programs such as to increase public expenditure to stimulate economic growth, to stop the dismissal in state-owned enterprises and institutions, to raise the minimum wage standard, to provide more subsidies for low-income families, and to “renegotiate” with international creditors on the debt issue. As a result, it won an overwhelming support from Greek voters. On the day of the new prime minister’s inauguration, Greece halted the plan of selling 67% of the stakes of Piraeus to COSCO Group and four other bidders.

There are a number of reasons why the new government stopped the privatization projects, but generally they can be summarized as following:

First of all, they intended to satisfy the public opinions. The Greeks have been quarreling over China’s participation in the privatization of the port. Despite the huge profits might be brought by privatization, the Greek labors unions have been criticizing the “working conditions of Middle Ages” offered

by Chinese operators, saying that it lacks fairness and social responsibility. Greek port workers protested for many times, including holding brands of “COSCO go home” in front of the Parliament of Athens. In 2013 the Greek workers held a general strike against the government’s intention to sell the control of the Piraeus Port and Thessaloniki Port to the Chinese. It is these protests that make it difficult for the government to decide completely the privatization of the port. Some political parties began to pander to public opinion in order to gain immediate benefits.

At this point, the SYRIZA took very good use of the public opinion. It advocates welfare increase, employment subsidies, less privatization and marketization, then “strategic state-owned assets” will not be privatized. These policies made clear its populist nature, and that is also the reason why it won the election.

Secondly, some politicians believe that it is not worthwhile letting foreigners hold too much stakes of a Greek port and it risks losing national interests. These politicians believe that privatizing too fast will make most of the flow into the hands of the stake owner, while Greece itself is not the most important beneficiaries. Considering this, Greece should maintain its independence in the port management and development. Such beliefs are most common among some of the officials responsible for economic affairs, maritime transportation and port operations in Greece, and they insist that the Greek ports should be operated autonomously. And the Authority of Piraeus also played an important role. Since Yannis Moralis was elected Mayor of Piraeus in May 2008, he strongly opposed the sale of 67% of the entire Piraeus Port. According to Moralis, the destiny of the city is closely linked with the port, so the state and local governments should retain majority in the shares and should sign long-term lease favorable for governments with private investors. Moralis believes that the development of the Piraeus Port should comply with the national interests and be connected with the country’s new export-oriented economic growth model, and then transform the Piraeus Port to an international shipping center, an important port for global investors and a tourist transit

station. Therefore, the government should attract export-oriented companies focusing on shipping or related business, rather than subject to the interests of large companies like COSCO.

Finally, there are still some reasons worthy of attention though not confirmed yet. The Greek government wanted to take advantageous position in the new round of negotiations on privatization and to obtain leverage in the bargain, including employing more Greek workers, getting more investment returns and so on. We shall not ignore pressures from European stakeholders, especially in Germany, who played a key role on this issue. The first operator of the Piraeus Port is a large German company, and sold it to Chinese company after long-term poor management. Now the performance of the Chinese side is so impressive that the German company recognizes their own strategic mistakes and they have never given up the idea of coming back. Given the unparalleled impact of Germany on resolving the Greek debt crisis, it is possible for the Greek government to make arrangements in favor of the German government in the privatization of the port.

The uncertainty of the new Greek government's decision-making will impose a negative force on China's the Belt and Road Initiative in Europe, and forces China to consider the political and economic risks of its investment aroused after the Greek election. In general, pragmatists are actually propped up by EU institutions, while the technologists have wider domestic supports (including the prime minister). The technologists share position with the radical left-wing government and seem to meet the "national interest", thus will occupy a relatively advantageous status to some extent, but in the long term, this will not be sustainable because of its own political position, which will not bring resources and solutions for the current dilemma. There are only two possible consequences of this unsustainability: first, under external pressures from the EU and other strong forces, the government have to go back to privatization; second, the government is stubborn, it runs out of methods and steps down in advance. Eventually, under internal and external pressure, the new government agreed to privatize more than 67% of the shares of the Piraeus Port and

COSCO succeeded in the merge, but the occurrence of this case is worthy of our vigilance and risk prevention.

7. Localization is the key to win: experience of Chonghong, Czech

Since 2005, China Sichuan Changhong Electric Company (hereinafter referred to as “Changhong Czech Company”) started to set up branch office and factory in Czech. Operating since 2007, the company now employs about 400 people. The company is headquartered in Prague, the capital of Czech Republic, and the manufacturing base is built in Nymburk District, Central Bohemian Region, Czech Republic, covering an area of 10,000 square meters. Equipped with 5 TV production lines, it is designed to produce 1 million units per year. In response to the Belt and Road Initiative, it expanded the production scale in 2015 and built a new research and development center in 2016. Changhong’s investment in the Czech Republic is an important company strategy in Europe. It is the first large-scale green investment undertaken by China in the Czech Republic, and its operation over ten years have accumulated rich experience for in the investment of Chinese enterprises in Central and Eastern Europe.^①

Changhong already owned dozens of factories and thousands of employees in China, accumulating manufacturing experience for decades. After starting operation in Czech, they found that many of the previous experience were ineffective or even impossible to implement there. This is because Europe has a completely different history and culture from China, thus produces different views and identities. The whole society operates differently from the way in China, so does the enterprise. It is not workable to copy the Chinese management method there, and only localization can help them to win.

First of all, it is necessary to adopt scientific management based on local conditions.

The scientific management system is developed by entrepreneurs and

^① For this case study, thanks very much for the contribution of the General Manager of Czech-Changhong, Lian Yongping.

scholars after encountering problems and summarizing solutions during the process of development of enterprises in Europe. This means that as a new investor, unfamiliar with Europe, by learning and transforming the existing European scientific management theories, we can get direct intelligence support and guidance when doing business.

Changhong Czech factory was seriously bothered by human resources management in daily operation. Czech workers have 20 days paid leave per year, which means that companies need to create a long-term mechanism to ensure the normal operation when people of different positions spend their vacations. Czech is a scarcely populated country, many towns and villages only has a population of approximately ten thousand people, which means companies need to recruit the majority of their staff from these ten thousand people, a much narrower choice when compared with circumstance in China which requires flexible management combined with specific situations. After years of running, Changhong became fully aware of that though Czech provides richer human resources when compared to other Western countries, the recruitment here is much stricter and has more limits than in China. Therefore, Changhong took systematic research on the European scientific management theory to constantly improve its management level. Targeting at “cutting the dependence of company operation on individuals” as its research direction, they fixed the management system by using technology and other methods. Since 2012, Changhong built their own IT team and a whole set of IT solutions from material, manufacturing, quality, warehousing, logistics and distribution to sales and after-sales service, reorganizing business process inside the company on a large scale. After the implementation of the program, the manufacturing efficiency increased by 50% and the management efficiency by 100%. In 2016, China implemented the strategy of “Made in China 2025”, and concepts like industrial 4.0 also gradually attracted more attention, and at this moment, the intelligent manufacturing of Czech Changhong has been running for four years, applied to a wide range and accumulated immense experience.

Second, they learned the Czech law earnestly and make good use of it to develop their own company.

When Chinese enterprises enter into Czech to invest, they often have a weak legal consciousness, while Europe is a well-established place ruled by law. Regarding this, the Czech Changhong seriously studied the local law, summarized the failed cases and strived to avoid risks. The meaning of “Obey local laws and do business according to law” is not only avoiding losses caught by illegal acts, but also encouraging enterprises to focus on legitimate business and a sustainable profit model.

The Czech Republic is already a typical legal state, and its government also acts strictly according to laws and regulations when managing social affairs. When Chinese enterprises invest in Czech they hope to establish a good relationship with its government, thus their investment interests will be protected. However, in fact the power of Czech government and its officials are strictly limited by the law, and it is impossible for them to give Chinese enterprises favors beyond their competence. Reasonable and legitimate demands of Chinese companies can be obtained through legal processes without any problems. For example, in the first several years, Changhong Czech Company is faced with the difficulty of getting work visa for Chinese employees, so together with other Chinese companies suffered from the same problem they sent a joint letter to the Czech Ministry of Economic Affairs and Ministry of Foreign Trade asking for a solution. Quickly the Czech government responded and appointed a special official to solve it. In addition, companies can turn to media to report problems and issues, once the medias speak out, the government will take the issue seriously. One of the company managers even said that when companies try to fight for their own rights and interests, it is more efficient to organize legal protest march than to exploits the connection.

In the next stage, they made great efforts to integrate into the Czech and European markets, doing business according to the European market and the law.

If Chinese enterprises want to invest in Czech, we must understand the peculiarity of the Czech market and even the European market and know how to find a way to survive. Many Central and Eastern European countries, including Czech, relied on the EU market, and products of Chinese investments in Czech mainly sell to the European market, so Chinese enterprises need to understand Czech market as well as the European market as a whole.

The European market is relatively stable, especially in traditional sectors like household appliances. Basically, the market volume is fixed and it is difficult to find or expand new markets. Therefore, when Chinese companies invested to produce such commodities, they were literally grabbing market shares from other companies, and the competition can be fierce, for which Chinese firms should be well prepared.

People of Czech and Europe hold a consumption concept, relatively rational and mature. They are not too concerned about the brand, but mainly focus on the quality and price of the product. Changhong Czech company made great efforts in improving product quality, so their market share has been constantly increased since they invested in the Czech Republic in 2005.

Apart from enhancing their manufacture, Chinese enterprises in Czech should also pay attention to establishing their own distribution channels, combining production with distribution. Through field research, it is found that Chinese goods of various brands were sold in Czech stores and welcomed by local people, but profits obtained by Chinese firms are relatively low. This is mainly because they cannot control the distribution channels, and a large number of the profits are seized by local middlemen. Therefore, the Czech Changhong Company actively searched for opportunities to build their own distribution channels. Since Czech has a complete market regulation system, no individual or organization can completely control the sales channels of a certain commodity, this facilitates Changhong in building their own channel.

Finally, the key is attaching importance to the contract, keeping promises, and giving enough respect to the rights of employees.

Enterprises should carefully draft the labor contracts and enforce them strictly. In Czech, legally binding texts such as labor contracts are extremely important. The interests of both employers and employees must be clearly written into the contract, and it is simply impossible for the enterprise to require employees to do extra work outside the contract. In the meantime, labor contracts are also the most effective tools for managing and restraining employees.

Czech employees value the protection of individual rights and emphasize satisfaction degree of the personal, which requires that the companies should make specific rules for personal characteristics in management. For example, employees differ in eat, and such requirements must be met, the way that to build a firm canteen just like in China does not work here.

Firms should also pay attention to local culture and tradition, respect employees and shorten their distance with the staff. Czech people value enjoyment and personal dignity, and emphasize protection of personal privacy. Changhong Czech used to reward well-performed employees with money and publish the list in order to set a model, but this was opposed by rewarded employees, thinking that it is a violation of personal privacy. As a result, the company no longer offered money. Instead, they held high level of banquets and dance balls, ensuring that all the Czech employees enjoyed themselves and got respect. This well received action not only reduced the cost of the enterprise, but also greatly enhanced the employee's identity of the company.

Chapter Four

Policy Suggestions

I. To respond in a reasonable, facts-based way to the specific opinions and requests of the CEE countries, especially those negative ones

1. In response to the problem of over-expectation raised by some of the think tanks, we should make it clear that the Belt and Road Initiative is a long-term project rather than a short one, a chorus with all countries along the road rather than a solo conducted by China

Since the implementation of the Belt and Road Initiative, there exists some structural problems that cannot be handled unilaterally by China, such as the factor of Russia. Russia has great influence inside the Eurasian Economic Union as well as inside the Shanghai Cooperation Organization, and to a great extent the New Silk Road proposed by China needs the help of Russia within the two mentioned frameworks to open cooperation channels. Russia wants to design a trade arrangement of its own, which cannot be planned by China. The Belt and Road Initiative also suffered from the consequences from the deterioration of EU-Russia relations. China expected to benefit from the trade between Russia and CEE countries, including the Baltic countries, which are closely related with Russia. However, for the CEE countries, though economic and trade cooperation with Russia is still an important choice due to historical factors, currently mutual sanctions and hostility have led to a serious decline in trade, and China is also a victim of such decline. The China-Europe Railway Express is a long journey between China and Europe, and only if the trades between Russia, Central Asia, Central and Eastern Europe and the Eurasian

countries operate smoothly, it could be possible for the Belt and Road Initiative to create connectivity in trade among these areas. China hoped to realize a wider range of connectivity by virtue of prosperous and stable trade along the road and benefit all countries along it, but since connection broke off from Russia to Central and Eastern Europe, China now expects the related parties to lift the sanctions as soon as possible and recover the trade connectivity. From this point of view, the realization of the Belt and Road Initiative requires efforts from all sides. The biggest obstacle to building economic zones or economic corridors is mutual restrictions and fragmentation in trade. It would be a great help for implementing the Belt and Road Initiative if CEE countries and the EU could ease their sanctions towards Russia rather than mutual sanctions.

Considering the large scale and long period of the projects under the Belt and Road Initiative, it requires cooperation and promotion of multiple parts to make achievements. Therefore, this initiative proposed by China is a program that involves various participants and sticks to the win-win principle, it never and shall not count on the unilateral impetus of China.

2. In response to doubts on the difficulty of China on synergizing so many initiatives, we shall emphasize that synergy with these projects has enriched the options of China, promoting mutual cooperation rather than making the Belt and Road Initiative overburdened

The Belt and Road Initiative is open and inclusive. As long as there is a win-win opportunity, we can always cooperate and establish connections. No meaningful and valuable proposals will be rejected and all projects that bring win-win results will be put into force. Meanwhile, it will not compete with or be a substitute of the connecting projects proposed by the USA, the EU, Turkey and Central Asian countries. By communicating and learning from each other, it will facilitate the win-win cooperation. China's Belt and Road Initiative pursues market-oriented choice making; the synergy can be both on conception and on action, partial or concrete of a case or project, and it can be realized in various forms in a flexible way.

3. About the curiosity of China's geopolitical motivation in promoting the Belt and Road Initiative, we shall emphasize that this initiative has no geopolitical ambition. China has neither foundation nor aspiration in participating in the regional political game; meanwhile, action like this is on the contrary of the general principle of the initiative. About the security risk of this CEE region, China has already undertaken a risk assessment

Currently, Chinese investment in the Balkan region has increased and Chinese cooperation with the Balkan states was strengthened, which is a result of mutual demands, but it will be untrue to assume China has a geopolitical motivation for this. The fact is China does not have a single soldier or a military base in the Balkan region, therefore has no capacity or desire to play the geopolitical game in this region. Instead, the country looks for practical cooperation in the area of economic and trade. The situation is the same in the whole Central and Eastern Europe: China has always been trying to avoid involvement in any potential regional conflicts. The initiative pursues principles of mutual negotiation, joint construction and co-sharing, regards the acceptance of the CEE countries as a prerequisite, operates with voluntary participation and voluntary financing of the CEE countries, and adopts active promotion and practical cooperation as main method. No compulsion will happen, no strategic fulcrum will be set, no zero-sum thinking will be adopted, and no third party will be rejected. It should be stressed that regional security issues and regional conflicts should be resolved within the UN framework or regional security and peace framework, which are main forces of solving the security problems. China supports and maintains the authority of these institutions, and is willing to jointly promote a proper solution to conflicts under the above-mentioned framework with related parties.

On account of the security risk of the region, China has carried out a risk assessment and expects it could be properly handled under the UN and regional security framework. In any case, the security risk is an indispensable topic of the Belt and Road Initiative.

4. About the doubts on the limited role played by Chinese financial instruments for the Belt and Road, we shall stress that the financial instruments of the Belt and Road Initiative insist on high standard and market-oriented. Its priority is to make profits, and its main purpose is to promote multiple cooperation

The fact is that both the Asian Infrastructure Investment Bank and the Silk Road Fund mainly focus on, but are not limited to projects of the Belt and Road (in fact, the Belt and Road Initiative has no geographical limitation, thus may be invested in more developing countries). The two financial instruments operate in accordance with market rules and international conventions, seek to set up a higher operation standard, market oriented and the principle of sustainable development, and they hope to gain experience from all sorts of financial agencies. The Asian Infrastructure Investment Bank is a multilateral development agency that follows multilateral rules, representing the interests of investors and focusing on Asian infrastructure. Silk Road Fund generates corresponding RMB liabilities, which means it is not an aid or a donation fund. Using a variety of equity-based market approaches, it invests in infrastructure, resource development, industrial cooperation, financial cooperation and other fields. In practice, it mainly invests in profitable projects and projects with high return prospect in the medium or long term. Silk Road Fund is not a sovereign wealth fund, but more similar to a private equity fund with longer investment period.

In other words, the two financial instruments aim to make benefits and profits, rather than investing in any projects.

5. About the question that the Belt and Road Initiative failed to settle the problem of trade deficit, we shall emphasize that the trade deficit is a structural problem of global trade. The Belt and Road Initiative is designed to promote trade connectivity, not to promote trade balance

The trade deficit between China and CEE countries (especially with Poland) appears to be a structural problem of the bilateral trade, but in fact

it is a global problem that has a great deal to do with the distribution of global industrial chain made by multinational companies and manufacturers. China is not the only beneficiary of this trade surplus, not even the biggest one. In the case of Polish trade deficit with China, it should be examined on the background of China-Visegrad Group-Germany chain. For example, in the automobile industry, the Visegrad countries including Poland undertake assembly section of the industrial chain of German automobile companies and gain profits from it, then a huge amount of these products processed by the Visegrad countries are exported to China through German companies. Germany has benefited greatly from the Sino-German automobile trade, and the Visegrad countries are also a big beneficiary of the German's exportation to China, but these profits cannot be seen in the data, which only reflects the trade between China and Germany. The Visegrad countries have developed their economy by participating in sections of the German automobile industrial chain, forming a win-win structure with the German market, but it is hard to imagine the German automobile sector without the support of the Chinese market.

In the past few years, when there emerged a trade deficit between China and Europe, some European think tanks published articles criticizing China, but nowadays after careful analysis and deep researches, many of them have given up their unfavorable opinions on the trade deficit. They no longer think that the trade deficit is caused by China, nor it would do a great damage to trade between the two countries. It is an obsolete and outdated view to stick to the trade deficit or even politicizing it. In addition, it is also unrealistic to expect Chinese government to take measures to solve the deficit problem, because many flows of products are actually behaviors of multinational companies that cannot be controlled by China. For example, some laptops and equipment accessories exported from China to Europe were designed, produced and assembled by transnational companies in China and then exported to Europe and during which China has no capacity to control. But the current statistics pattern of trade is relatively outdated, which adopts offshore statistical methods. Due to the large number of factories set in China by multinational companies in

the past three decades, plentiful export products are recorded in the account of China.

The Belt and Road Initiative upholds the principal of mutual understanding and mutual benefit. In recent years, China has been actively investing in Central and Eastern European countries to make up for the trade deficit between the two sides and China looks forward to discovering more opportunities for cooperation. However, solving the problem of trade deficit is not a function of the Belt and Road Initiative, for it is closely related to the circumstance of individual country of the world and the global trade structure.

II. To view the EU investigation towards the Belt and Road Initiative in a pragmatic and objective way

1. Treat the EU investigation objectively

Judging from the past cases, especially the conflict between Brussels and Hungary, what the intervention of the European Commission reflects is EU's anxiety about its increasingly loose organization and the difficulty of coping with challenges within the union. For China, this anxiety will be a long-term factor that must be considered when investing in Europe. The EU's Juncker Investment plan coincides with China's Belt and Road Initiative. However, the essence of EU's investment plan is to increase the centripetal force and consolidate internal identity of EU through EU-level coordination and constraints of the legal framework, thus promoting the European integration process. The EU is worried about strengthening cooperation between CEE countries and other countries, especially institutionalized cooperation with China, which might intensify the centrifugal tendency within the EU and weaken the authority of Brussels.

It can be assumed that investigation from EU will continue as a method of the EU to show a sense of presence in Central and Eastern Europe. On the one hand, we shall notice the real constraints from EU rules; on the other hand, we

shall also realize that this constraint is not immutable and has a strong political nature, so there is a need to resolve EU's concern caused by Chinese behaviors.

2. A thorough comprehension of the EU law is the premise to promote the Belt and Road Initiative

Although the EU law has a strong political nature, there still exists certain objectivity of legal rules. As long as we can fully understand the EU law and acts justifiably with clear motivation, we still have advantages in promoting the Belt and Road Initiative. We can hire local legal professionals to investigate and evaluate the local cooperative environment in detail, especially the legal system environment, to properly cope with new problems emerged in the process of bidding, approval and implementation, and to reduce operating costs of projects. Moreover, we need to enhance advanced studies on the overall legal environment of EU.

III. It's necessary to enhance the thorough and reasonable publicity on the Belt and Road Initiative

Based on the experience of research and practice in Central and Eastern Europe for many years, the author argues that there exist not only practical problems in the progress of promoting the Belt and Road Initiative in Central and Eastern Europe, but also uncertainty, vagueness and lack of strategy on publicity and reports. The publicity of the Belt and Road Initiative needs scientific interpretation, avoid offensive propaganda without facts, establish specific planning institute, form a unified caliber and guide public opinion reasonably. At present, we need to avoid considering the Belt and Road Initiative as good medicine that can guarantee to cure all diseases or the effective prescription offered to the world economic crisis. The Belt and Road Initiative has its own border, it can't solve many problems that the world are facing with, such as terrorism, refugee problem, regional crises and so on, it is essentially used to stimulate economic growth of China, promote Chinese

development experience and attempt to share Chinese development opportunity in the world.

In the practice, we need to adhere to “five points that China should not do”:

1. China should not release too much signals and concepts, but need to highlight the essential functions and logical background of the Belt and Road Initiative

China should not just use slogans which will make people feel hollow and lack of logical base. When talking about the Belt and Road Initiative specifically, we should not make people consider this initiative as a selfless action that China will offer global public goods and shape itself as Norman Bethune; or consider this initiative as an omnipotent key to solve the development of current global economic growth, launch a new round of globalization and others. These rhetoric which are obviously lack of common sense and logic, will on the contrary make people feel illogical. The Belt and Road Initiative can't offer solutions to the development problems of each region, the same in Central and Eastern Europe, and we can only offer cooperation opportunities. If the participant accept the Belt and Road Initiative, we can work together to develop, then realize jointly construction, consultation and sharing.

When promoting the Belt and Road Initiative, we should make it clear that what is the motivation of this initiative, which goal China want to achieve, and what other countries can get through taking part in this initiative.

The logic of the Belt and Road Initiative is not so complicated which is to stimulate Chinese economic growth. The main goal of the Belt and Road Initiative is to fuel the Chinese economic growth and actively solve the “New Normal” problem of Chinese economy or middle-income trap that China may face with. From 1979 to 2014, Chinese GDP develops at a speed of 10% each year, and now China has become the largest manufacturer, producer and the country with the most foreign exchange reserve in the world. If we count according to the real purchasing power, the total amount of Chinese GDP has

exceeded USA. How to stimulate the economic sustainable growth when such a huge economic entity is facing with a series of problems now? We need to maintain the internal and external requirements of Chinese products through investments, and these investments are mainly based on the connectivity to make trade, capital and products smooth. China can export capital, equipment manufacturing and products through the Belt and Road Initiative, and benefits relevant countries at the same time.

2. China should not ignore the flexibility of the publicity of the Belt and Road Initiative

China should not consider the Belt and Road Initiative as a static concept. It is necessary to explore new materials, find new problems, raise new opinions, build new theories through specific practice, and we can enrich and perfect the connotation of the Belt and Road Initiative.

At the early stage, China may pay more attention to the importance and necessity as well as the purpose and principles of the Belt and Road Initiative. Meanwhile, in order to promote mutual benefit and win-win result, we have released a series of programs and projects, broadened the discussion, and widely absorbed kinds of initiatives and cases from countries along the Belt and Road. Now, the Belt and Road Initiative has developed for four years and been interacted with main regions in the world and major actors; it needs to adjust the goal and context of publicity in time, highlight the sustainability and openness, and adhere to market-driven principle. For example, China has basically finished the layout of the Belt and Road Initiative in Central and Eastern Europe: the North Line and the South Line, the Silk Road Belt (Connectivity of the Second Eurasian Land Bridge) and the 21th Maritime Silk Road (China-Europe Land-Sea Express Route). We should mainly focus on advancing these two routes, make the target of publicity more specific and concrete, but not expand the layout without boundary.

3. China should not be separated from history and find a shortcut, but need to emphasize the “harmony but not uniformity” between the Belt and Road Initiative and ancient Silk Road theory

Central and Eastern Europe is a region with the tradition of historical inheritance, the people there pay attention to the protection of historical heritages and maintenance of historical traditions. We need to emphasize the historical connection between China and countries in Central and Eastern Europe when promoting the Belt and Road Initiative. It's good for us to leave impressive symbols to international society, and fully express the inheritance role of the Belt and Road Initiative of the spirits of ancient Silk Road and traditions.

From the perspective of history and present, the ancient Silk Road represented the successful harmonious trade, cultural exchanges, peaceful development and cooperation, finally formed mutual respect and trust among different countries along the western borderland in China. The new Belt and Road Initiative promotes the integration, understanding, cooperation and trust among Eurasian countries in virtue of such powerful historical heritage. China needs to intensify the image of the ancient Silk Road to countries along the Belt and Road, rebuild cultural and historical consensus making use of a broader idea, and absorb more countries along the Belt and Road to participate in the Initiative.

The ancient Silk Road and the new Silk Road have both similarities and differences. In the view of similarities, the two Silk Road initiatives have the same start point which is tightly connecting Chinese markets with other Eurasian countries. But the historical development progress over thousands of years also brought many differences. First, the ancient Silk Road only refers to land route excluding the sea route, while the new Silk Road includes the Maritime Silk Road. Second, the ancient Silk Road appeared mainly for foreign investments, these countries began to be interested in trading with China to buy products such silk and pottery. But now, China has been the engine of the Belt and Road Initiative, laying the foundation for the integration of new economy

and culture in Eurasian continent. Without the strong economic and financial strength and potential of China, other countries in Eurasia can't have enough ability to promote a mutual depending project in such a big Eurasian continent. Third, China adheres to the principles such as mutual benefit, common prosperity, win-win result, no interference in other countries' domestic affairs and no-hegemony, these also exceed the traditional cooperation concept raised by the ancient Silk Road, which establishes a new model to develop relations with different countries and individuals.

This kind of comparison is beneficial for media and the public of related countries to establish clear concept, but not vague explanation.

4. China should not reply to kinds of concerns negatively, but should actively guide and explain to maintain the enthusiasm of cooperation between related countries

The concerns about the geopolitics of the Belt and Road Initiative from countries in Central and Eastern Europe are relatively common, because this region is a hot spot in geopolitics; these countries have different views on international affairs in many fields from China.

For example, not only in the political but also in academic circles in Serbia, the geopolitical understanding of the Belt and Road Initiative is prevailing. We can't mechanically propagate that the Belt and Road Initiative is not a geopolitical one or not involved in regional security issues. We should emphasize that the stability of geopolitics along the Belt and Road and the regional peace and security can create maximum benefit for China. No matter based on historical tradition or the fact, China will not export its impact of geopolitics, but will constructively participate in actions to maintain regional peace and stability, pave the way for the smooth promotion of the Belt and Road Initiative. China should emphasize that regional security problems and regional conflicts should be resolved under the UN framework or regional peace and stability framework, it is the main strength to solve security problems. China supports and safeguards the authority of these institutions and is willing

to assist UN's and regional peace and security organizations along with related institutions to properly solve some regional conflicts.

Meanwhile, we should analyze and study series of initiatives from South Eastern European and Baltic countries, such as the Danube Strategy, the Baltic Sea Strategy, and the Adriatic Sea Strategy of European Union. These strategies are closely connected with national interests of many countries in Central and Eastern Europe, they pay a lot attentions to the development of these strategies and they also want to take a free ride on the Belt and Road Initiative. We need to actively research, then assess and get conclusions in order to make timely, scientific and sound replies to the specific requirements from these countries. We should not reply with delay which will leave an message that China doesn't pay attention to requirements from countries in Central and Eastern Europe.

5. China should not only pay attention to people or only to affairs but need to seek balance between people and affairs

The final receivers of the publicity are people, not an country, region or institution. If we deal well with the recipient people, the problems will be resolved smoothly. On March 24, 2016, at the conference held by 16+1 Think Tanks Network and Czech Institute of International Relations, some Czech scholars expressed that the Belt and Road Initiative was a geopolitical target which had important military aims. We need to deal probably with this kind of people. Reply proactively in public and respect their voices, then explain well after the conference. If we do so, the speakers can not only feel respected but also understand the views of our side, it helps to publicize our views.

However, paying attention to people doesn't mean the fragmentation of publicity of the Belt and Road Initiative, but we need to actively seek further consensus and explore the common voice. On June 17, 2016, at the Belgrade conference, most Serbian scholars actively advocated the Danube Strategy of EU in synergy with the Belt and Road Initiative. Representatives of 16+1 Think Tanks Network clearly expressed that there existed cooperation opportunities, but there were less potential in fields such as infrastructure construction.

Through active communication, the Serbian side had realized this problem, and they thought that spirits of the Danube Strategy and the Belt and Road Initiative are similar in principle, and how to share each other's experience is also an opportunity for cooperation.

IV. Grasp the principles of dealing with crises and risks

1. The macro issues and micro issues should be wisely handled and properly balanced

We must pay close attention to the risks in the construction of the Eurasian corridors, strengthen relative research at both macro level and micro level, and adopt flexible and targeted measures based on the situation of each country and the condition of each matter. At the macro level, we must attach great importance to the European integration, the European populism and trade protectionism, the Eurasian geopolitical crisis and refuge crisis, and make analysis and assessment on the trade environment and the development prospect of geopolitics of Eurasia and the world, so as to enrich our knowledge on the risk-aversion of the Belt and Road Initiative. At the micro level, we need to focus on the attitudes that EU member states and candidate countries hold towards the Belt and Road Initiative, and adopt flexible measures based on the situation of each country. Meanwhile, we must have a clear understanding of the specific challenges faced by the Belt and Road construction, and provide targeted solutions according to the conditions of each matter.

2. Neither plans nor market should be neglected

With regard to the layout of the Belt and Road in Eurasia, we must underline the market oriented while make the best of executive powers. Some hold the view that the construction of the Belt and Road won't be sustainable if without the market oriented, which is debatable. As neo-liberalism is encountered with dilemma and crisis, government has played an increasingly

prominent role in the deployment of major strategies. Considering China's national conditions, we must make good use of the administrative forces while placing great emphasis on the fundamental role of market, give full play to the strength of plans in allocating resources, pooling wisdom and improving efficiency, and have good top-level design for the Belt and Road Initiative. Besides, we should find out the difficulties faced by the Initiative, adjust methods innovatively and explore solutions actively, enhance rationality of the system and the supply of resource by effectively combining plans and market, so as to push forward the Belt and Road Initiative properly.

3. There should be reasonable competition and effective cooperation between the sea transport and the land transport

In the process of building the China-Europe corridors, both the sea transport and the land transport have pros and cons, and they should be chosen based on the delivery requirements of goods rather than the will of local governments. In order to sustain the development of two transport ways, there should be reasonable competition and effective cooperation between the sea transport and the land transport. We should give full play to the advantages of the sea-land multimodal transportation.

For instance, the China Railway Expresses could attract more high-value-added freight that used to be delivered by sea transport within limited time and the air freight with enough delivery time. The sea transport, however, should be used to deliver those with relatively low added value and sufficient delivery time. As for the goods that can be carried either by sea transport or by land transport, the sea-land multimodal transportation is a better and possible choice that leads to the reasonable and effective division of labor in the Eurasian transport market.

It should also be noted that to unify the identity of the freight trains is only the first step to tackle certain issues in the operation of the China Railway Express such as the low efficiency, financial subsidy and insufficient supply of goods. There are bigger challenges ahead which should be approached through

continuous and ever-strengthened coordination among all trains within China and between the sea transport and land transport throughout the world.

4. China's competition and collaboration with Russia is the prerequisite for consolidating the China-Russia strategic cooperation

The connectivity of trade in Eurasia is not only beneficial to China, but also in the interest of Russia. Where there are overlapping interests, there are competitions. Russia competes with China over the China-Europe corridors for both economic and geopolitical interests. For such kind of competition, China should take the dominant influence of Russia in Eurasia into consideration. As long as there are shared interests, China should adopt pragmatic attitude to build strengths by learning from Russia and integrating into the Russian market, compensate for weaknesses by taking advantage of Russian market, and gradually establish a firm foothold in the Eurasian transport market. After all, the ties can only be built upon strength rather than tolerance, and it is only the strong competitiveness that could win the real partnerships.

V. Specific suggestions based on specific country and specific affair

1. China should carefully design the financing strategies of the Belt and Road Initiative

Most projects of the Belt and Road Initiative should be market-driven, and they can be guided by nation but not be fully implemented by nation. There should also be a list of strategic projects for the Belt and Road Initiative, offering strategic financing supports and enhance the flexibility of policies, and breaking through the bottlenecks of existing systems and regulations, such as the problem of sovereign guarantee. Many countries can't offer sovereign guarantee in fact which result in unsatisfaction when carrying out projects in Central and Eastern Europe. Regarding this situation, we can lift policy

restriction and conduct non-sovereign guarantee to important strategic projects if necessary.

2. Set up a professional national development institution

The establishment of development institution contributes to the coordination of policies. At present, we are badly in need of special development agency to enhance coordination of policies and plans, just like International Development Agency in developed countries. Now, the increasing rate of China's investments abroad has been the first in the world, but we don't have a professional institution to coordinate all the investments, and the costs of coordination among all government departments are high and lack of professionalism. The Belt and Road Initiative is an opportunity to establish professional development institution.

3. Set up a professional risks assessment institution

Many enterprises know less about the risks assessment. We should pay enough attention to risks assessment since many projects in the Belt and Road Initiative are large-scale. We should establish and improve the risks assessment mechanism, make detailed working plan, and make sure that related deployment and measures are fully implemented in each department, each project execution unit and each enterprise. One of the main tasks of this risk assessment institution is to know the new trend of current international risks. For example, the problem on enterprises' social responsibility that many countries pay attention to, though there are not restrictive regulations in most countries in the world, the impact is profound. The International Organization for Standardization published ISO 26000 in 2010, emphasizing that enterprises should take social responsibilities. OECD also proposed that enterprises should take social responsibilities including information disclosure, human right, labor standard, environmental protection, anti-bribery, blackmail and so on. There should be specific assessment and prevention for implicit risks these standards may have.

4. Adhere to localization strategy

It's better for us to adhere to localization strategies, avoiding to find shortcuts and take advantage of legal loophole; avoid to fully transfer "Chinese experience" and practices to CEE region. The enterprises should enhance cooperation with local interest groups, chamber of commerce, labor union, and integrate into the local society as soon as possible. Enterprises need to take necessary social responsibilities as well, and build good image overseas.

