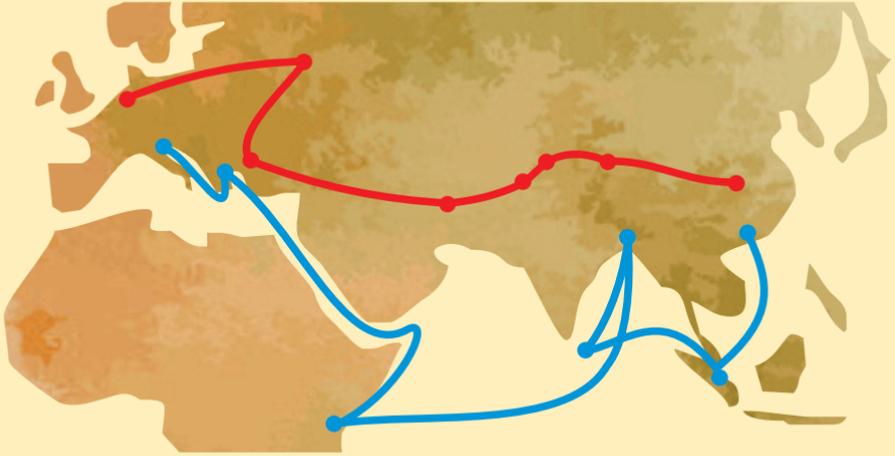


Josef Wieland, Jessica Geraldo Schwengber,
Matthias Niedenführ (eds.)



European Perspectives on the New Silk Roads – A Transcultural Approach

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Matthias Niedenführ (eds.)

European Perspective on the New Silk Roads –
A Transcultural Approach

Transcultural Management Series

Edited by Josef Wieland

Volume 9

Josef Wieland, Jessica Geraldo Schwengber,
Matthias Niedenführ (eds.)

**European Perspectives on the
New Silk Roads –
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Preface

China's massive political and economic project of the Belt and Road Initiative (BRI) is by and large a connectivity project aimed to put the People's Republic of China squarely at the center of global trade and investment flows, but also of people and ideas. In the age of globalization where national boundaries have given way to ever-increasing global cooperation and interdependence, a concept of top-down management of globalization processes by a single sovereign player seemed both bold and unusual. The West, notably the US and Europe, eventually caught up with the idea that the BRI is indeed not merely another ambitious political announcement by the Chinese leadership meant to gain the attention of third-world countries, but rather that it was indeed backed up by concrete follow-up measures with serious financial and political capital involved.

In the third year of the coronavirus pandemic and the fifth year of a Sino-American trade war the notion of connectivity and global exchange of goods, services, people and ideas seems eerily distant. Xi's insistence on being the world's lone zero-Covid holdout, which in effect stifles the very connectivity the BRI stands for, calls the long-term success of the BRI into question. But China has been actively promoting the New Silk Road for close to a decade and has created facts on the ground from Africa, Central and South East Asia and South America to Central and Eastern Europe. The West has been sluggish to react and has only offered rival investment projects in the Global South, such as America's Bring Back Better World (B3W) and the EU's Gateway to Europe, to counter China's geopolitical ambitions since the G7 meeting in 2021. The current debate of decoupling, deglobalization and systemic rivalry ensures that discussion of the BRI and its success and failures in Europe remains acutely relevant.

This volume brings together scholarly analyses, observations by educators on the topic and case studies written by young scholars in an attempt to illuminate the manifold influences and reflections that China's connectivity project sparked in Europe. As one of the main consumer markets for Chinese products Europe was an early target of the BRI since

it is at the Western end of the New Eurasian Land Bridge, one of the earliest BRI economic corridors introduced in 2014 soon after Xi Jinping's presentation of the New Silk Road. The contributions in this volume offer a wide range of perspectives from various disciplines on this phenomenon ranging from geopolitics, economics, culture to civil society and gender and the editors insist that competing explanations and different viewpoints are indeed a desired characteristic to facilitate meaningful discourse.

Josef Wieland (co-editor), who initiated the Transcultural Caravan project in 2012 and acts as editor of the accompanying series on transcultural management, invites us to look at the transcultural challenges which the BRI brings to the established global governance structures of investment, trade and cooperation in networks of value production. China promotes Silk Road values of performance, cooperation, communication and moral values, which can be the core of a soft power strategy with Confucian elements. Wieland illuminates the cultural complexity which underpins a connectivity strategy that encompasses such a large number of different countries, political systems, languages and cultures which, in turn, translate into relational risks that need to be addressed through cooperative forms of governance.

Li Ma and Hao Wang offer a domestic researcher's view on the B&R to debunk misunderstandings in foreign, mainly Western, critical descriptions and analyses of the project. They rely on official documents to support the notion that the project is not unilaterally dominated by the People's Republic, is not designed to only serve its national interests against those of partner countries, especially by creating debt traps, and is not the basis of a separate global trade governance system. They also maintain that the B&R is not a philanthropic project but a platform to promote mutually beneficial business between many countries, a fact they hope will eventually be accepted by foreign observers over time.

Matthias Niedenfür, a China studies expert with extensive experience on the ground, contextualizes the BRI as a brainchild of Xi Jinping within the larger story of China's economic rise. He offers an analysis of key concepts promoted in China's cultural diplomacy embedded within the political messaging. The notion of a Silk Road Spirit is illuminated by explaining the connotations of these concepts in Chinese traditional thinking. Referring to relevant feedback from empirical research with domestic so-called Confucian entrepreneurs, Niedenfür explains the assigned

role of private companies as playing a supporting role in China's external soft power strategy.

Jonathan Keir, an expert in philosophies from various world regions, endeavors to present historical and cultural-philosophical perspectives on the New Silk Roads in order to show the need for increased inter-civilization dialogue to overcome the deep sense of mistrust that accompanies China's rise to power. He questions Eurocentric understandings of global processes, criticizes the lack of knowledge about the Chinese civilization and invites the reader to sympathize with attempts by the Chinese to step out of the shadow of Western interventionism. He also advocates to more clearly differentiating more clearly between the Chinese party state, people and civilization.

Patrycja Pendrakowska offers an economist's perspective on the 17+1 initiative, which China established to support its connectivity goals among Central, Eastern and Southeastern European countries. Pendrakowska contrasts the high expectations in the initiative of inward investment from China with the prevalent sense of disappointment of European partners after half a decade with just a few projects realized and investment flows still largely ignoring the region in favor of the economic powerhouses in Western Europe. China's recent Moscow-leaning neutrality in the war in Ukraine further weakens the attractiveness of the 17+1 platform.

Pawel Behrendt discusses the geopolitical implications of the New Silk Road(s). He focuses on how China is investing its resources to support its geo-economic interests in Central and Southeast Asia. Behrendt presents the doubts of countries in ASEAN and South Asia about the long-term sustainability of the BRI and their concerns about China's power projection in the South China Sea. The chapter also introduces counter initiatives by the US, Europe and Japan to the BRI.

As a trainer at the United Nations active in China for several years, Julian Caletti presents a non-academic view of the geopolitical dimensions of relations between China and Europe. He advocates for more trust and understanding for Chinese sensibilities by the West using the lens of their historical engagement and persistent misunderstandings of the People's Republic of China's intentions and actions by various Western observers.

The second part of the book contains the work of young scholars. The contributions constitute academic work by participants in the Transcultural Research Student Group (TSRG) at BA, MA and PhD level from

both Poland and Germany, who collaborated over an entire year to conduct joint research into the impacts of the BRI on Europe. Jessica Geraldo Schwengber (co-editor and project manager of the TSRG), explains the rationale of the creation of the TSRGresearch group and the choice of its research focus as an attempt to address the general lack of work on the socio-cultural dimensions of the Belt and Road Initiative. The contributions that resulted from this collaborative research project highlight under-researched topics, such as gender and civil society topics.

Patryk Szczotka's contribution deals with sub-state relations in Sino-European cooperation. Relying on the "relational theory of international politics" of Qin Yaqing and its concept of relationality, Szczotka compares the different approaches of Duisburg (Germany) and Lodz (Poland) in pursuing their regional interests in their relationships with their Chinese counterparts, who both maintain good relations in an environment of complex regional, national and supranational factors.

Florian Horky and Paulina Kintzinger examine the dynamics and developments of Chinese M&A transactions in the wake of the BRI by comparing Germany and the member countries of the 17+1 group in Central and Eastern Europe. Their mixed methods analysis comes to the conclusion that M&A transactions in Germany are substantially stronger than in CEEC but that the investment dynamic from China passed its peak in 2016 across the board.

Annika Dinh looks at transcultural management and diversity in German companies active in China. On the basis of qualitative interviews she found that the corporate culture in subsidiaries could not be easily categorized as either German or Chinese. Mixed teams of various nationalities, working languages and cultural backgrounds have to cooperate in a web of different legal systems, societal values and norms. These necessitate the nurturing of transcultural competences to facilitate long-term cooperation and business success.

Lorenz Bokari, Karolina Pajęczek, and Aleksandra Kozerska look at legal challenges accompanying the BRI and focus on the ramifications for international trade law by examining related documents such as bilateral Memoranda of Understanding (MoU) and as well as trade and investment agreements. They emphasize the similarities between German and Polish law and interpretation of international agreements with the differences to their Chinese counterparts.

Jessica Britzwein and Aleksandra Balasińska studied the impact of the BRI on civil society organisations in Germany and Poland. In a qualitative study, they investigated which functions civil society in both countries perform in relation to the BRI. Their study found that civil society organisations in both countries have different levels of maturity and perform different functions.

Tobias August and Natalia Ziółkowska chart public opinion on the BRI in Poland and Germany and identify overlaps and differences. Public opinion was examined in terms of its correlation with the three dimensions of sustainability (social, environmental and economic). The study found that in both Poland and Germany, the environmental dimension of sustainability predominates, but public opinion on the BRI differs. In both countries, however, public opinion tends to be negative.

Finally, Katharina Hahn and Sandra Krawczynsyn add a gender perspective to the BRI and consider it as a mechanism of soft power that encompasses norms and values where gender and equality require more attention. Gender equality along the BRI was analysed from the perspective of educational institutions and public enterprises. The study found that there was a lack of gender policy in the BRI and there was no cultural exchange on educational institutions on gender. Self-fulfillment mechanisms were suggested as an effective tool to improve gender equality in companies operating along the BRI.

To conclude the volume, Harald F. Müller and Julika Baumann Montecinos have a dialogue about the Transcultural Leadership Summit where the expert contributions included here were first presented and the Transcultural Research Student Group started their collaboration. Müller and Baumann Montecinos present the summit and the accompanying art project as a platform for diversity and cooperation between disciplines.

We are grateful that we were able to carry out this special format on this scale. Our thanks go to Aljoscha Böhm and Iulia Moaca for their great support in the editing process, and to all our sponsors and supporters, particularly to Rolls-Royce Power Systems and to the Ministry of Science, Research and the Arts of the State of Baden-Württemberg. We would also like to express our great gratitude to our cooperation partners: The Boym Institute, especially to Patrycja Pendrakowska and Pawel Berehndt for their support during the whole project, to Prof Dr Thomas Heberer, Mrs. Heike Maus, and Mrs. Susanne Löhr for the support in the research trip to Duisburg. Finally, our thanks go to all colleagues, students and

experts for their participation in our transcultural journey and for their insightful contribution to our research agenda.

Friedrichshafen, September 2022

Matthias Niedenführ
Jessica Geraldo Schwengber
Josef Wieland

Contributors

Tobias August is very passionate about digitization and data-driven innovation. He pursues this field of interest both professionally and academically. In addition to his Master's degree at Zeppelin University, he has gained start-up and management experience through founding and running his own consulting company.

Aleksandra Balasińska is currently studying for her Master's degree in Cross-cultural Communication at the University of Warsaw. She also finished a Bachelor's degree at the SWPS University in the field of Asian Studies. In the TSRG 2021 research project, in the group with Jessica Britzwein, she is focusing on how the BRI initiative impacts civil society. Other than that, she is fascinated by the Chinese language, and is interested in reading, drawing and hiking.

Julika Baumann Montecinos is Professor of Intercultural Management at Hochschule Furtwangen University | HFU Business School and coordinator of the Transcultural Caravan Network at Zeppelin University. She focuses on research into the success factors of transcultural leadership and cooperation as well as on the development of related international and interdisciplinary teaching, training, research and networking projects.

Pawel Behrendt is a Political Science PhD candidate at the University of Vienna. He is a Chair of the Board at the Boym Institute in Warsaw and is a regular contributor to konflikty.pl, *Nowa Konfederacja* thinkzeen, and the Polish edition of *Forbes*. In 2019 he was a guest researcher at the Czech Academy of Science.

Lorenz Bokari is currently pursuing his Bachelor's degree in Politics, Administration and International Relations at Zeppelin University in Germany. Before his studies, he successfully completed a Weltwärts year of the German Federal Ministry for Economic Cooperation and Development in Kpalimé, Togo. Stays in Istanbul, Bogotá and Jordan enhanced his expertise in transcultural cooperation. As a member of the Transcul-

tural Caravan Research Group, he focused on the legal implications of the Belt and Road Initiative on Poland and Germany, and is currently conducting research for his thesis on the impact of the New Silk Road on the African continent.

Jessica Britzwein is a final year Bachelor's degree student at Zeppelin University studying Sociology, Politics, and Economics. Her interest in transcultural research was first sparked when she joined the organisation team of the Transcultural Leadership Summit in 2019. Two years later she gladly took the opportunity to join the Transcultural Student Research Group 2021 and focused her research on civil society interactions with the Belt and Road Initiative.

Julian Caletti is a German professional working at the United Nations Institute for Training and Research (UNITAR) since 2016. Prior to this post, he worked for three years at the Information Service of the United Nations Office in Geneva (UNOG), providing information on the United Nations to visitors of the Palais des Nations. Julian has a Master's degree in international affairs from the Graduate Institute Geneva and a Bachelor's degree in liberal arts from the University College Maastricht. He spent a total of four years working and studying in Latin America and China.

Annika Dinh is currently pursuing her Master's Degree in Politics, Administration and International Relations at Zeppelin University, Germany, following a completed academic semester at SciencesPo Paris, France. She has a Bachelor's Degree in Southeast Asian Studies with study visits to Bandung and Bali, Indonesia, and a minor in German Law from Hamburg University, Germany. Annika Dinh brought both her academic expertise and personal multicultural perspectives to the organization of the 2021 Transcultural Leadership Summit on the theme "Perspectives from Southeast Asia."

Jessica Geraldo Schwengber is project manager of the Transcultural Caravan at leadership Excellence Institute Zeppelin, a research fellow and PhD student at the chair of Institutional Economics and Transcultural Leadership at Zeppelin University. She graduated in Economics and Management from the University of Rome Tor Vergata. Her research focuses on organisational and transcultural learning.

Katharina Hahn is a final year Bachelor's degree student at Zeppelin University studying Politics, Administration and International Relations. She co-organized the Transcultural Leadership Summit 2020 on "New Silk Roads – New Perspectives for Europe?". Her research interests mainly focus on gender issues. Her Bachelor's thesis will deal with the representation of women in top-management positions in state-owned enterprises.

Florian Horky is a PhD student at the Department for International & Digital Economics at Zeppelin University, Friedrichshafen. His research focus covers especially international finance, capital markets, and behavioral economics. He further serves as Project Manager for Digitalization in Teaching in the University's administration

Jonathan Keir works as a fellow for the Karl Schlecht Foundation in Stuttgart, Germany. Commensurate with the foundation's mission ('the improvement of leadership through humanistic values'), his recent books have focused on the 'Weltethos' project of Catholic theologian Hans Küng (*From Global Ethic to World Ethos?* (2018)), the 'Spiritual Humanism' of Confucian philosopher Tu Weiming (*Peking Eulogy* (2020)), and the legacy of Erich Fromm (*The House That Fromm Built* (2022)). His *Four Humanisms In One Day* (2021) also tackles the challenge of meaningful intercultural dialogue via an accumulation of individual voices from disparate backgrounds.

Paulina Kintzinger has been interested in China since attending middle school in Shanghai as a teenager. While studying Sociology, Politics and Economics she has often focused on the international context drawing a connection to China, specifically to the BRI. She is currently an MSc candidate at the London School of Economics and Political Science for International Development and Economics, where Chinese economic engagement in developing countries have remained her key area of research.

Aleksandra Kozerska is a fourth-year law student at the University of Warsaw and a graduate of Maastricht University, where she received an LLB in European Law. Her professional interests revolve around international trade law, alternative dispute resolution and intellectual property. She has participated in several Moot Courts such as Willem C. Vis International Commercial Arbitration Moot and Foreign Direct Investment

International Arbitration Moot. She has gained practical experience by working in a leading law firm and by offering pro bono legal services in the international division of the Law Clinic at the University of Warsaw. She is also a member of the Warsaw-Beijing Forum, the largest academic initiative focusing on the promotion of international collaboration between Poland and China.

Sandra Krawczyzsyn is a Contemporary China student at the Renmin University of China in Beijing. She obtained her Bachelor's degree in Far Eastern Philology Studies at the University of Wrocław, which led her to continue exploring contemporary China's social and cultural phenomena. Her professional and educational experience makes it easy to conduct cross-cultural research. As a photography enthusiast, she aims to implement interdisciplinary studies between Chinese arts and recent global and Chinese social changes.

Li Ma is a professor of management at Guanghua School of Management, Peking University in China. He obtained his PhD at Washington University in St. Louis in the USA. His current research focuses on international business negotiation such as cross-border mergers and acquisitions.

Harald F. Müller is an artist who has been developing colour concepts for universities and other buildings in close collaboration with building owners, architects and users for over 30 years. In his studio stratozero.net and with his MONDIA format, he combines heterogeneous exhibition venues and types with each other, practices interdisciplinary exchange and shares his experience with artistic processes with students from various universities.

Matthias Niedenführ is a Senior Research Fellow of the Leadership Excellence Institute of Zeppelin University in Friedrichshafen (Germany), an expert on Asia Business Culture and keynote speaker. He was Assistant Professor of Chinese Studies and Business Ethics and founding Vice-Director of the China Centre (CCT) at the University of Tübingen as well as Managing Director of the European Centre of Chinese Studies (ECCS) at Peking University. He spent over a decade of research and work in East Asia establishing an expansive network of contacts. His research interests

include business culture, civil society development and political economy of communication in East Asia. Matthias Niedenführ is co-founder of the academic discussion platform ThinkIN China in Beijing.

Karolina Pajaczek is a lawyer specialised in intellectual property law with particular emphasis on industrial property law. She graduated from the University of Warsaw. She also studied German law at the Humboldt University of Berlin during her Erasmus scholarship and at the Ludwig Maximilian University of Munich. She holds a Diploma in English Law and Legal Skills from the University of Cambridge, as well as a Diploma from the Deutsche Rechtsschule (part of the LL.M programme) at Bonn University. She focuses on both her academic and legal careers. She has authored several articles, participated in research projects and regularly presents papers at conferences. She initiated research on legal aspects and, together with her team, analysed the legal challenges surrounding the Belt and Road Initiative.

Patrycja Pendrakowska is the founder and the head of the Boym Institute based in Warsaw and an analyst of China's foreign policy and economy. On behalf of the Institute, she works on EU-ASEAN relations within the EANGAGE project coordinated by KAS Singapore and on the Betzavta method with the Adam Institute for Peace and Democracy in Jerusalem. She is one of the founding members of the board at WICCI's India-EU Business council based in Mumbai. Moreover, she works as a consultant in one of the leading management consultancies based in New York. Ms. Pendrakowska is a PhD candidate at the Humboldt University in Berlin, where she researches political philosophy in China. She graduated from the University of Warsaw with a BA in Sinology, Sociology and Philosophy, and has two Master's degrees in Financial Law as well as in Ethnography and Cultural Anthropology from the University of Warsaw.

Patryk Szczotka has an MSc in Development and International Relations from Aalborg University and the University of International Relations in Beijing and a BA in Far Eastern Philology from the University of Wrocław. He works in the government sector, focusing on the economic development and business relations between Poland and Eastern Asia.

Hao Wang (Ph.D. Ohio State University) is an Assistant Professor at the University of Amsterdam. His research interests include metacognition and cultural crossvergence, the psychological foundations of strategic behaviors and decisions, as well as international negotiation.

Josef Wieland is professor of institutional economics, organizational governance, integrity management and transcultural leadership at the Zeppelin University in Friedrichshafen and director of the Leadership Excellence Institute Zeppelin (LEIZ). He is the initiator and president of the German Forum Compliance and Integrity (FCI). He served as the former chairman of the German Network of Business Ethics (DNWE) and currently as the chairman of DNWE's advisory board. He is a member of the National CSR Forum of the BMAS (German Federal Ministry of Labour and Social Affairs) and serves on the jury board for the "CSRPrize" of the German government. He received the Max Weber Prize for Business Ethics of the BDI (Federation of German Industries) in 1999. In 2014, he received the highly estimated State Research Prize for Applied Research from the State of Baden-Württemberg, Germany.

Natalia Ziolkowska is a Bachelor Student in Asian Studies in Warsaw, Poland. In addition, she participates in the Public Relations Team of the Warsaw-Beijing Forum, a Polish Students' Organization related to China and the economy. Although she is currently studying Chinese, she also speaks English and German fluently. Besides pursuing a BA Diploma and learning foreign languages, Natalia is keen on politics, international relations, digital marketing, art and culture. In her free time, she enjoys reading news from around the world and dancing.

Part I

Academic and Practical Perspectives on the BRI

Transcultural Challenges of the Belt and Road Initiative

Josef Wieland

1. Geoeconomics, Geopolitics and Cultural Complexity

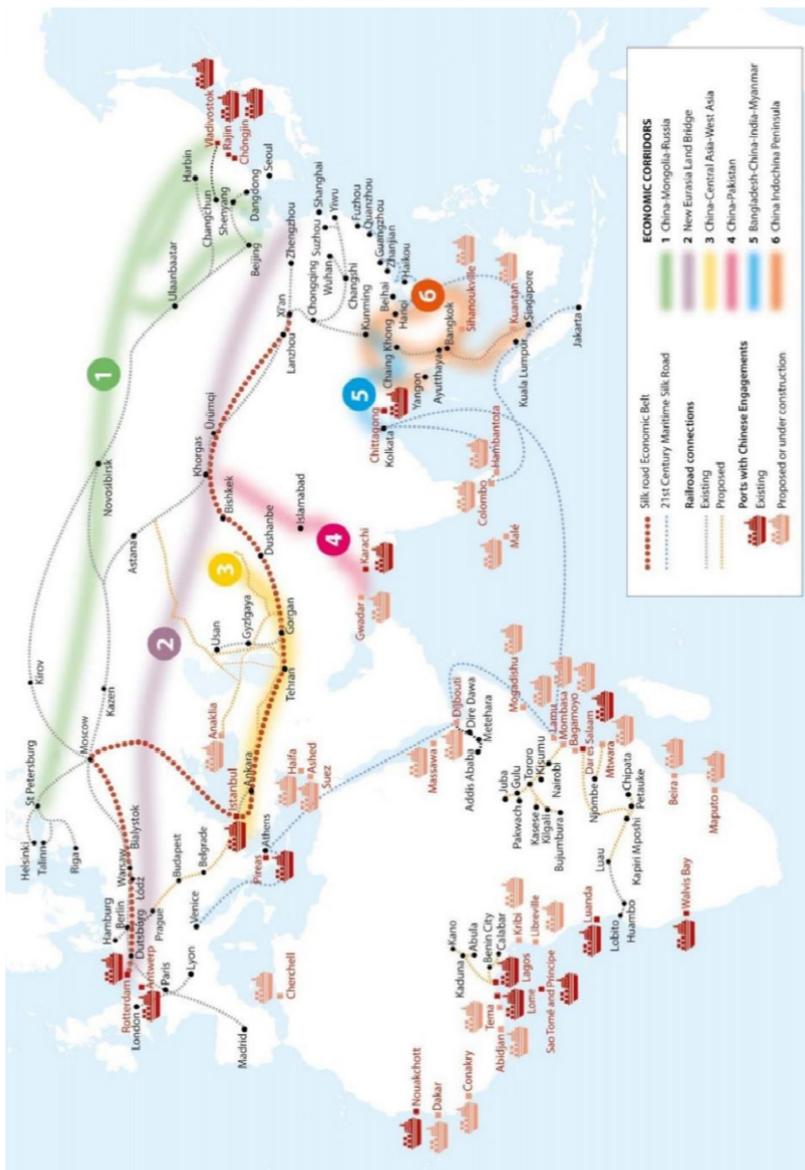
In 2013, China's President Xi Jinping officially proposed two massive projects: A Silk Road Economic Belt and a 21st-Century Maritime Silk Road. The two were subsequently combined into the Chinese government's Belt and Road Initiative (BRI). The premises of the BRI are explained in two documents, which provide the basis for the following analysis. In 2015 the National Development & Reform Commission (NDRC 2015) ratified the "Vision and Actions on Jointly Building the Silk Road Economic Belt and 21st-Century Maritime Silk Road." In 2017, the Office of the Leading Group for BRI (OLG 2017) released "Building the Belt and Road: Concept, Practice and China's Contribution", in which the "Vision and Actions" are explained in concrete terms.

The NDRC document lists five areas of cooperation (infrastructure, free trade, finance, coordinating national policy, and cultural exchange) in six economic corridors (New Eurasian Land Bridge, China-Mongolia-Russia, China-Central Asia-West Asia, China-Indochina Peninsula, China-Pakistan, and Bangladesh-China-India-Myanmar) with a host of involved countries. The following map provides an overview of these corridors and their interconnections.

This proposal for a BRI pursues geoeconomics and geopolitical intentions (Huang 2016; Li 2020; Zhang et al. 2019) on the part of the Chinese government, which have sparked an extensive academic and political discussion over the past few years and been greeted with enthusiasm, scepticism and resistance alike.¹

¹ For a good overview see Schulhof et al. (2022).

Figure 1: Interconnected Corridors of BRI



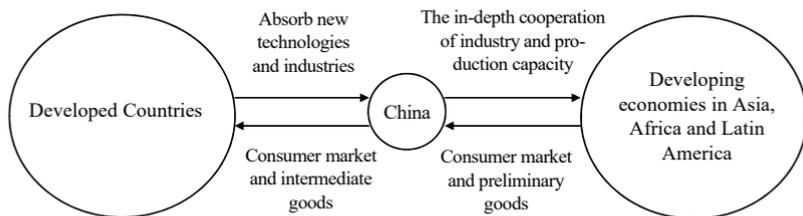
Source: OECD (2018: 11).

As a geopolitical project, the BRI is intended at the very least to establish and reinforce the PRC's role as a maker of agendas, rules and standards in international politics. In this regard, the Chinese government currently seems to be less interested in directly exporting the Chinese model of economic and political development, and more in cultivating a role as the "Global Governor" of its own model of global economic and political cooperation, one which is not oriented on adopting and adapting to the Western model of global cooperation. (For this assessment, cf. Sarwar 2017; Godehardt 2020). Its general direction is rather "Making China Modern" (Mühlhahn 2019).

The geoeconomics aspect lies in the creation of a new global common market and the establishment of global production networks, the current focus of which is on the formation of regional and global infrastructures, the development and institutionalisation of its own investment and financial instruments, and academic cooperation, especially with regard to technological innovations and their standardisation. In addition, cooperation in the area "ecological and environmental protection" (OLG 2017: 34) is planned. (Bastian 2017; OECD 2018; Li 2020).

However, Zhang et al. (2019) have sought to argue that the BRI equates to a new economic paradigm, a new system for the global economy, namely the "Double Circulation of Global Value Chain" with China as its value-creating and value-providing centre (ibid.: 44, 92). The following figure from Zhang et al. (2019: 48) explains the authors' intentions in this regard. To what extent said intentions reflect or are relevant to the orientation of the Chinese government's policy is another question entirely.

Figure 2: Economic Cooperation Under the Double Circulation of Global Value



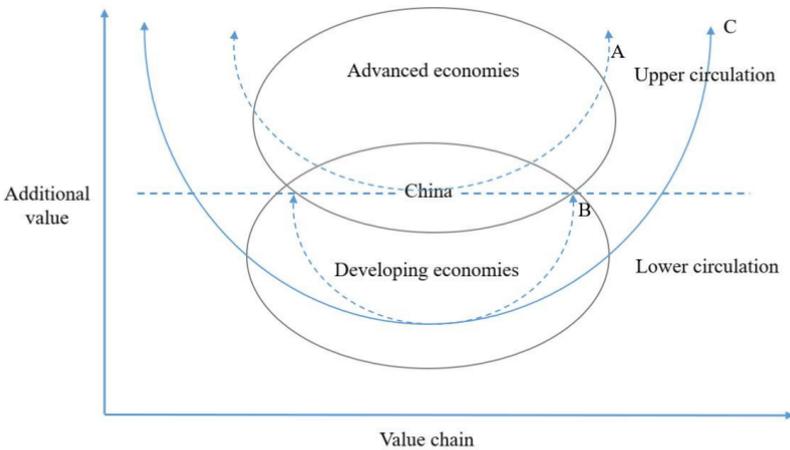
Source: Zhang et al. (2019: 48).

In the economic circulation system between China and developed economies, the focus is on industrial division of labour, trade, investment and capital flow; in the system between China and emerging economies, the focus is chiefly on trade and direct investment.

“In both circulation systems, China is steadily replacing Japan as the central node connecting advanced economies to those underdeveloped in Asia, Africa and Latin America.” (ibid.: 44)

As the following figure shows, for the authors, the connecting system constitutes a new global order for value creation.

Figure 3: Global Value Double Circulation and Value Chain Curve



Source: Zhang et al. (2019: 92).

Here we can see that the relationalisation of the two economic circulation systems is clearly based upon the relationalisation of geoeconomic and geopolitical strategy, which must lead to new global governance structures regarding investment, trade and cooperation in value-creating networks. The BRI is one such new governance structure for trade and value-creating cooperation between countries and firms and must be approached and understood in this context. Yet this also makes it clear that the model

put forward by Zhang et al. (2019) and the notion of a central node function for China are analytically inadequate, as they proceed from the assumption of market-controlled international trade and not of organisationally controlled value-creation chains or networks, which are where the majority of global value creation now takes place. (UNCTAD 2013; OECD 2018; Antras 2019; World Bank Group 2020) Global organisational networks, and particularly those on the scale of the BRI, contain a wealth of decentralised nodes; centralised control through political power and the market is hardly conceivable. Attempting this would result in relational costs (in this regard Wieland 2020, 2022) on a scale that would significantly limit the cooperation corridor actually achievable with the BRI, and with it, the increased economic value creation projected by Zhang et al. (2019). Moreover, such a “node role” isn’t the quasi-automatic result of trade relations combined with political power; rather, it depends on the willingness to cooperate, ability to cooperate and therefore also the credibility and trustworthiness of the Global Governor. Without them, the BRI would have to contend with prohibitive transaction costs (safeguards against opportunism) for all parties involved (Williamson 1985).

The international political reaction, especially in the West, to this new model of global economy and governance was and remains correspondingly reserved. Hopes for further, rapid economic growth go hand in hand with concerns about the PRC’s dynamic development into an influential and standard-setting “Global Governor” in terms of the balance of power.

That being said, it would be a mistake to limit the scope of the discussion concerning the BRI to the geoeconomic and geopolitical perspective. In fact, from the Chinese government’s standpoint, the BRI isn’t just about global economic development and growth through free markets; rather, these goals are to be reached through “connectivity”, “partnership”, “network building” and “sustainable development” (NDRC 2017). According to its own statements, the focus is on the continuing development of global cooperation and its governance on the basis of the five priorities “policy coordination”, “facilities connectivity”, “unimpeded trade”, “financial integration” and “people-to-people bonds” (ibid.). Whereas the first four priorities have to date been a source of controversy in international discourse, the fifth (establishing a cultural dialogue; exchanges in the areas education, health, tourism and science; and coopera-

tion in the media) has received comparatively little attention. In the few articles in which the BRI's constitutive cultural side is recognised and discussed (Dai & Cai 2017; Nobis 2017; Dellios 2017; Naseen & Javaid 2019) the focus is on cultural difference, on potential management tools to help overcome it, and on deliberations regarding a Confucian soft power strategy. However, the cultural concepts and proposals that the BRI itself puts forward in its fifth priority are completely ignored. Yet these aspects must be approached in direct connection with the geopolitical and geoeconomics strategies, since their implementation will be impossible without acquiring the individual and organisational competence needed to productively deal with cultural difference and diversity, and establishing a growing basis of cultural commonalities. The BRI's ideas are based on a type of cultural hyper-complexity that stems from the different cultures of the countries and regions involved. This aspect also produces culturally induced risks, a point that I will address in more detail later.

Accordingly, in this paper I will focus on the BRI's fifth priority, as listed in the document from the NDRC (2015), particularly with regard to the cultural conditions and challenges in connection with the BRI from a European perspective. What can be said with certainty is that, if it fails to integrate the cultural polyvalence of the nations, countries, regions and other cultural spaces involved, the BRI will not be a success.

In this regard, it is to begin with of no small importance to realise that the originally geographical term "silk road", which is the genesis of the BRI, was coined by a European, namely Baron Ferdinand von Richthofen, in 1877 (Kurin 2002; Nobis 2017). Even then, the term was linked to the idea of viewing the various silk roads that had been in place in Central Asia for over two millennia as a bridge between China and Europe. From the outset, these roads had been a network of trade routes, with no specific names, that supported not only the exchange of goods and expertise, but also that of cultural traditions and norms. These three aspects are intertwined, and without their existing in a dynamic equilibrium, there can be no network of exchange and cooperation. The same is true for the BRI, the idea of which not only involves bilateral economic and cultural exchange, but must also be viewed as a transcultural network. This leads us to two preliminary conclusions: firstly, that the "silk roads" are a form of cultural heritage shared between Europe and Asia, within the diversity of their cultures. They represent the shared experience of nomadic move-

ment, of inquisitiveness, curiosity, entrepreneurship and cooperation between individual human beings and multiple cultures. Secondly, in my view the term “bridging” seems ideally suited to denote the individual and organisational competence required in these pluricultural networks, which are characterised by cultural complexity. “Bridging” describes social actors’ ability to enable and maintain mutually beneficial interactions in transcultural cooperative relations. The need for transcultural competence is part of the historical experiences and traditions of the silk roads, which it may be possible to tap into by considering the cultural prerequisites and consequences of the BRI.

Accordingly, the first takeaway of our discussion up to this point should be the following: that the BRI is not to be understood solely as a geopolitical and geoeconomics project, but also as a geo-cultural and transcultural one. It is situated in a phase of “interregnum ... in which the international order currently finds itself” (Godehardt 2020: 6), a phase of transformation from the old international political governance to a new, global one (Mühlhahn 2019 for an insightful analysis of the situation). This process should not and cannot be geared toward establishing a new global cultural dominance through the “soft power” exerted by a single nation (for this idea Neye 1990), but instead toward using institutions and platforms like the BRI to shape the discourse and the awareness of the actors involved. In my view, this first means creating conditions that promote compatibility and connectivity within the BRI’s factually given cultural differences and diversity, so that mutually beneficial cooperation can be initiated to begin with, and be subsequently cultivated. This may, as an unintentional but welcome side-effect, lead to the discovery of existing cultural commonalities or the emergence of new ones, triggered and supported by shared interests. This is the fundamental idea of transculturality as a form of adaptive governance for cultural complexity (Wieland & Baumann Montecinos 2019; Baumann Montecinos 2021). It is not identical with the “Silk Road Spirit” being pursued by the Chinese government; it is its functional equivalent.

2. *Silk Road Spirit*

As previously mentioned, the BRI claims to continue the tradition of the various historical “silk roads”. This tradition is on the one hand charac-

terised as “peace and cooperation, openness and inclusiveness, mutual learning, mutual benefit and win-win-results” (OLG 2017: 7). In contrast, the document “Vision & Action”, released by the NDRC in March 2015, focuses more on establishing a culturally connoted “Silk Road Spirit” that, on a symbolic level, is meant to express the aspirations connected to the BRI. For this purpose, the silk roads are portrayed as a cultural heritage shared by all human civilisations, one that, through commerce and the exchange of ideas, made cooperation and communication between East and West possible. In light of the global economic, political and ecological challenges of our day, these commonalities, it is claimed, are based on the shared interests of the peoples involved, with Chinese President Xi-Jinping dubbing the BRI a “community of common destiny” in his speech on the “BRI – Forum for International Cooperation” in 2017.

From a transcultural perspective, the key question with regard to this document isn't to what extent such proclamations have any connection to the realities of political and economic power relations and day-to-day operations, but whether the principles and values that this political vision is meant to promote can truly serve as the basis for global cooperation between multiple cultures. In a polyvalent context, visions, principles and values are never a clearly defined platform resulting in direct and specific actions in cooperation projects. Rather, they should be understood as a praxis-enabling heuristic, and as an invitation to a dialogue in which their suitability for and meaning in certain contexts can be clarified through discourse. This is by the way a universal characteristic of moral principles and values, namely that their meaning and the concrete courses of action in connection with their implementation are not self-evident; instead, everything depends on the situation's context (Bolten 2020; Walzer 1994). On the other hand, this naturally also means that, in cooperation projects, practical situations and contexts have to be created that make it possible to concretise the praxis-oriented meaning of principles and values to begin with. “Communities of practice” (Wenger et al. 2002; Wieland 2020b; Schwengber & Kindlein 2021) are what provide the basis for the emergence and governance of meaning. However, before continuing, we should take a closer look at which principles and values this document from the Chinese government proposes for the BRI.

3. *Silk Road Principles*

The envisioned Silk Road Spirit can be condensed into the following five principles (NDRC 2015), which could also be considered principles for peaceful coexistence. The principles are:

- Peace and cooperation
- Openness and inclusiveness
- Mutual learning and mutual benefit
- Harmony and inter-civilizational tolerance
- Market rule and international norms

Within the horizon of these principles, a win-win situation achieved through cooperation, and based on cultural inclusiveness and joint development, is envisioned for the members of the BRI. In this regard, we should consider that, from a Chinese perspective, a win-win situation does not mean that all partners win to the same extent and receive the same share of the cooperation rent. Firstly, the partners differ in terms of their backgrounds and expectations, and secondly, there is also competition within cooperation, namely for the shares of the benefits it yields (Dyer et al. 2018). There are certainly Chinese economists who are convinced that the majority of the benefits stemming from the BRI will ultimately go to China (Zhang et al. 2019). However, the various lessons learned from global production networks regarding the “upgrading” of initially (and ostensibly) weaker partners should also be borne in mind (Gereffi 2018; Wieland 2020). Regional and global network economies, characterised by cooperation and the co-specialisation of resources, must always address the question of what constitute suitable factor-incomes and the division of the cooperation rent to the investing partners. In this process, functioning and shared principles and values, their application and the adherence to them, especially fulfil an indispensable role in terms of cultivating mutual respect and trust when the goal is the continuation of the cooperation as a collaboration of independent actors, who only accept their mutual dependency with regard to achieving the specific goal of the partnership (Wieland 2020). When it comes to investing resources, pursuing a win-win strategy only makes good economic sense when all partners can accept their mutual dependency and prefer continuity. Accordingly, rational relational actors will invariably consider “lock-in”

situations, which are always a possibility in collaborative projects, before entering into a cooperation and will demand suitable “credible commitments” and “safeguards” (Williamson 1985); if they don’t receive them, they won’t get on board. Here we can see the manifestation of the previously mentioned transaction and relational costs. This is certainly a point that the initiators and members of the BRI should explicate and bear in mind if they hope to be successful.

Moreover, it is important to recognise that there are and will be divergent, culturally shaped interpretations of the declared principles. To give just one example: in Chinese, “harmony” does not refer to a general state characterised by well-being and a lack of conflict, as it is connoted in some Western cultures; rather, it means that everyone knows their place in a given hierarchy and behaves accordingly, and that anyone who fails to do so is suitably punished. As such, in terms of establishing compatibility and connectivity, gaining a clear understanding of the meanings and connections between moral or political principles, and of the corresponding ideals held by the actors involved, constitutes a fundamental challenge. In this regard, academic expertise and shared practical experiences are essential.

4. *Silk Road Values*

In the document released by the NDRC, the following values, which it argues the BRI and its actions should be oriented on, are listed:

- Pluralism
- Openness
- Dialogue
- Understanding
- Tolerance
- Respect
- Diversity
- Self-Interest

First of all, we have to recognise that these values aren’t simply moral values; rather, they must be assigned to various categories (performance values, communication values, cooperation values and moral values).

Doing so is important for the management of values (are all relevant values included and represented in the proper proportions?) and the conflicts (what prioritisation is appropriate for the order of values?) between values. (for this discussion Wieland 2020, Chap. 6) Figure 4 below categorises these values:

Figure 4: Values Matrix for the BRI

Performance (Self-Interest)	Communication (Dialogue)
Cooperation (Pluralism, Openness, Understanding, Diversity)	Moral Values (Respect, Tolerance)

Source: Own elaboration.

Understandably, the values proposed by the Chinese government largely focus on cooperation and are stringently oriented on the implementation of the principles mentioned above, even if they aren't always (e.g. openness) clearly differentiated. This can be seen in Figure 5.

Taken together, they coherently and appropriately supply a Chinese interpretation of the prerequisites for and objectives of peaceful coexistence in transcultural cooperation projects, namely an acceptance of the striving for individual gain; of the diversity of the partners' experiences, views and traditions that come into play; and lastly, the existence and/or creation of cultural commonalities, based on shared interests.

Yet here, too – as the principles just discussed show – it is the culturally influenced diversity regarding the interpretations of and expectations from these values that cannot be overlooked. For logical and practical reasons, this discussion shouldn't be pursued in an abstract and general manner, but in connection with specific transactions and goals, or more broadly, contexts. John Rawls rightly pointed out that, with regard to the “comprehensive doctrines” that are part of every civil society's “background culture”, initially, conflict and not consensus is to be expected. (Rawls 1993: 14; 1999: 59ff.) From an economic standpoint, “comprehensive doctrines” are a source of cultural risks, an aspect I will revisit in Section 5 of this paper. Consequently, the list of values included in the NDRC document can only be an initial suggestion on the part of the Chinese

government, not exhaustive. Transculturality is a dynamic process involving the “governance of meaning” (Hannerz 1992) and its successful relationalisation to specific events or contexts.

Figure 5: Functional Components of the BRI Spirit, Principles and Values

Silk Road Spirit	Silk Road Principles	Silk Road Values
 <p>Communication and cooperation, commonalities and shared interests, common destiny</p>	 <p>Peace and cooperation, openness and inclusiveness, mutual learning and mutual benefit, harmony and inter-civilizational tolerance, market rule and international norms</p>	 <p>Pluralism, openness, dialogue, understanding, tolerance, respect, diversity, self-interest</p>

Source: Own elaboration.

From a Western perspective, one could, for example, criticise the absence of values like freedom and human rights. Yet here, too, we must bear in mind that these ideals have also found their place in Chinese discourses, albeit in a collectivistic, not in a liberal-individualistic sense (Niedenführ in this volume). Accordingly, the question that could now present itself from a Western standpoint is whether these values, as “thick descriptions” (Walzer 1994), that is, in their Western, liberal-individualistic interpretations, should be made a prerequisite for cooperation in projects like the BRI. But from a transcultural view, the answer is no. The governance of and cooperation under conditions of cultural difference and diversity are first of all based on “thin”, that is, abstract descriptions (Walzer 1994). The goal is to agree on suitable cultural points of departure for achieving compatibility and connectivity, which allow shared and mutu-

ally beneficial praxis, in the course of which learning processes on both sides take place that in turn make it possible to discover moral commonalities, and potentially differences as well, and to develop new partial commonalities in the process. After all, the latter are what enable the continuation and intensification of cooperation to begin with. This process has been discussed in detail elsewhere and will not be explored further here. (Wieland 2022; Baumann Montecinos 2021).

5. *Relational Risks from Cultural Complexity*

The spirit, principles and values of the BRI must be managed using governance mechanisms that make it possible to limit and productively reduce the risks for all actors involved in the envisioned cooperation project. Although the risks involved in cooperative networks are always mutual risks, their temporary manifestations can nonetheless be asymmetrical. In the public discussion, the focus is frequently on the economic and political risks. For example, the financial debts owed to China and the resultant political dependencies are currently at the heart of the discussion in the West (Niedenführ in this volume). But it should be clear that these phenomena could also pose financial and reputational risks for the Chinese government. Risks stemming from cultural complexity are always relational risks and can only be addressed cooperatively. They are due to the fact that different interpretations of a given vision's, principle's or value's meaning can lead to frictions and contradictions between the cooperation partners, reducing the number of cooperation chances and with it, the size of the cooperation corridor. As a result, the scale of potential collective value creation declines, and ultimately the entire cooperation project could be called into question. In the prospective participating regions of the BRI, the sources and drivers of cultural risks are:

- Different religious heritages: Confucianism, Buddhism, Daoism, Christianity, Islam, animism and atheism are only a selection of deep-seated sources of religious and potentially conflicting interpretations of social phenomena.
- Different moral reference points: In Western cultures, core values are generally universalistically and individualistically perceived as being absolute, that is, they cannot be compromised. The resulting conflicts

(Appiah 2006; Hirschmann 1994; Walzer 1994; Wieland 2021; Zhao 2019) are of a different nature than those stemming from belonging to a certain family or clan, having a certain nationality or holding certain ideological views. In this regard, values like justice, solidarity and compliance are especially affected.

- Different concepts of identity and belonging: The statement that one identifies with something begins and ends with the individual. In contrast, a sense of belonging is based on the relationality of one's connections to others (Anthias 2013).
- Different framing and perception of values: Whether child labour is viewed as the child's appropriate and expected contribution to their family's total income, or as an exploitation of the weak and robbing them of their prospects, is culturally determined. Likewise, corrupt practices can be seen as an expression of friendship, belonging or respect, or be connoted with crime.
- Different political cultures: Individualism versus collectivism, freedom versus security, and rule of law versus political power are based on strongly held core moral values and have direct effects on how a given situation and the corresponding courses of action are perceived.

Needless to say, this list is hardly exhaustive, and the truth is that we still know very little about the causes of this type of cultural risk from "comprehensive doctrines" and the connection to semantic differences at the level of principles and values. The same applies to the necessary adaptivity of the governance structures that are possible and essential to mitigating and productively shaping these risks.

Here, further academic research is urgently needed that, in addition to the fundamental questions concerning relational risks, also addresses the practical lessons learned – positive and negative alike – from such cooperation projects under conditions of cultural complexity. At the level of the firm, the focus would be on the development of transcultural management systems and the conditions for their implementation.

6. *Closing Remarks*

In closing, I would like to point out a further aspect that should be included. What is the purpose of this discussion on spirit, principles and values that the BRI is pursuing? My impression: what we're seeing here is the proactive creation of a new political and economic language game, the formation of a new Chinese narrative that docks on principles and values that are globally established and accepted. In this way, a new values orientation is to be created that is not identical with an exclusively Western interpretation of these values. It's about the normative frame for an envisioned changed and new world order, about its principles and values, which are not dominated by Western-liberal interpretations and therefore permit it to be charged with "Chinese characteristics". As such, the transcultural challenge posed by the BRI for Europe (or more correctly the EU, or better yet, certain parts of the EU) does not involve insisting on Western interpretations of moral values, though one needn't conceal their convictions as possible interpretations, and should advocate for them. Rather, it's about the willingness to proactively take part in a global, practical and mutual learning process that can lead to the emergence of truly shared global values regarding cooperation. The fact that this discussion between liberal and illiberal interpretations of fundamental European values like freedom, solidarity and human rights has been factually going on – though not acknowledged (Wieland 2021) – within the EU for some time now, only serves to underscore the need for proactivity in this joint learning process. Especially when the political world order seems to be characterized by an "interregnum", all partners involved in the BRI have a vital interest in discussing the differences and commonalities of the practical meaning of values involved, if their cooperation is to be a success for all concerned. This discussion goes far beyond political and economic interests in its importance. To refuse them in the belief that this would defend the integrity or even dominance of Western moral tenets would be a fatal error. So would participating without developing systems for managing the relational risks emanating from cultural complexity. The discussion only touched upon in this paper has put the growing need to form truly global and not merely international governance structures – and that is precisely what the proposed creation of a BRI represents – on the agenda, independently of the BRI itself.

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What the Belt and Road Initiative is and is not: A Researcher's Perspective

Li Ma and Hao Wang

1. Introduction

This chapter is the researchers' interpretation of the Belt and Road Initiative (BRI). We have written this chapter with the following guidelines in mind. First, the interpretation is based on public information. To make sure that all readers can make sense of the BRI using the same baseline information, we did not collect first-hand information through means such as interviews with any government officials or business leaders. Second, the interpretation is research-based, and only concrete evidence is used. To ensure the scientific rigour of this research, we avoid making speculative assertions and avoid relying on suspicions or conjectures on any party's intentions or motivations. Third, the interpretation is meant to improve readers' understanding of the BRI. Many misunderstandings exist about the BRI despite the vast amount of information available on the subject. This chapter uses simple language and straightforward ideas to ensure good reader understanding. Extensive use of economic numbers and dense language is avoided, as these may be overwhelming for some readers.

To make our interpretation of the BRI easy to follow, we use 10 paired statements to discuss the BRI: what it is and what it is not. These paired statements vividly illustrate the source of misunderstandings and clearly emphasize where the truth lies. We begin by citing the official definitions and descriptions of the BRI and then proceed to the paired interpretation.

2. *What the Belt and Road is, Stated Officially*

The Belt and Road Initiative (BRI) is the short term for a combination of two elements. The first is The Silk Road Economic Belt, which is based on the ancient land-based “Silk Road” trade route covering Asia, Europe and Africa. The second is the 21st Century Maritime Silk Road, which is based on the ancient sailing trade route connecting Asia, Australia, and Africa. China’s president Xi Jinping initiated these elements when he visited Kazakhstan in September 2013 and Indonesia in October 2013, and the two were later merged.

Both elements propose better trade connections between countries and offer new development opportunities to the participating countries. Initially called One Belt and One Road, the idea was later officially renamed the Belt and Road Initiative, with the abbreviation B&R (Chen 2018). Other abbreviations, including the BRI (“Belt and Road Initiative”) and OBOR (“One Belt and One Road”), have also been used. Some authors have continued to use these alternative acronyms, especially in relatively old writings.¹

Of all the documents describing the BRI, we believe the following two are the most important. The first is “Vision and Proposed Actions Outlined on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road” (China Daily 2015a), which was published in March 2015. The very beginning of the document specifies its core content, stating that the document offers “an action plan on the China-proposed Belt and Road Initiative” (China Daily 2015a). The document was issued by the National Development and Reform Commission, the Ministry of Foreign Affairs, and the Ministry of Commerce, and authorised by the State Council. This document covers the background, principles, framework, cooperation priorities, and cooperation mechanisms of the BRI. It also states that the BRI is in alignment with China’s regions in pursuing the liberalisation of markets and that China has started a series of actions to push the BRI forward (NDRC 2015). It embraces the idea that all of the participating countries should work together towards a brighter future. For example, the BRI highlights a number of principles, including cooperativeness, harmoniousness and inclusiveness, use of the market system,

¹ Editor’s note: In order to be consistent in the abbreviations used in this publication, the editors have decided to use the abbreviation BRI in all chapters.

and a desire to obtain mutual benefits. The BRI is also stated to be “in line with the purposes and principles of the UN Charter” (China Daily 2015b, Part II).

The second document is “Building the Belt and Road: Concept, Practice and China’s Contribution.” It was published in seven languages: Chinese, English, French, Russian, Spanish, Arabic, and German. The document, which was published as a book in May 2017, offers a detailed explanation of the BRI. It has five parts: “call of the times: from concept to blueprint,” “cooperation framework: from plan to practice,” “areas of cooperation: economy and culture,” “diverse cooperative mechanisms,” and “a future vision based on reality.” This document was published after a large number of projects relevant to the BRI had been implemented. It therefore featured many examples illustrating the essence of the BRI. The document “aims to promote understanding of the initiative, demonstrate the achievements, and enhance strategic mutual trust, dialogue and cooperation among nations, so as to contribute to the building of a community of common destiny” (Belt and Road Portal 2017).

The information above represents the official version of the Chinese government on the BRI. A number of organisations’ websites feature information that is relevant to the BRI, such as the Yidaiyilu Network and China Daily’s English website for the BRI. These websites provide a great deal of information on the BRI, including the most recent news, statistics, facts, and examples of projects. International organisations also pay a great deal of attention to the BRI. For example, the World Bank has a research series on the BRI that focuses on its economic impact and potential challenges as well as the meaning of connectivity (World Bank 2019). Publications such as the World Bank book rely mainly on official statements and incorporate concrete economic data, and are thus reliable references on the BRI.

The Chinese government, as the proposer of the BRI, offers a great deal of information regarding the initiative. Due to the information asymmetry, it is understandable that many people interpret BRI in their own ways; however, some of these understandings might be misinformed and without concrete evidentiary support. It is likely that some people who have an opinion on the BRI have never read the official description of the initiative by the Chinese or their own government. Given the distrust between people in different parts of the world, some people may rely on neither the Chinese official documents nor some established inter-

national organisations such as the UN, World Bank, etc. in formulating their views. This may seem ironic but is realistic given that evidence has shown that human beings often draw conclusions based on inadequate information – as psychologists have found in many different domains, human beings are cognitive misers (Fiske & Taylor 2008).

Below we list the key arguments in the 10 paired statements, which we will elaborate in the rest of the chapter.

Table 1: What the BRI is, What the BRI is not

	<i>The BRI is ...</i>	<i>The BRI is not ...</i>
<i>The decisive feature of the BRI:</i>		
1	The BRI is based on bilateral agreements.	The BRI is NOT unilaterally imposed by China.
<i>Other features of the BRI:</i>		
2	The BRI range is flexible.	The BRI range is NOT within a fixed geographic area.
3	The BRI is built and shaped by all countries involved.	The BRI is NOT dominated by China.
4	The BRI addresses economic cooperation.	The BRI is NOT likely to include any conspired political agenda.
5	The BRI is just one of many such ideas in the world.	The BRI is NOT something that China initiated with no prior predecessor.
<i>The effects of the B&R:</i>		
6	The BRI will improve connectivity within the countries and among the countries.	The BRI will NOT create separate economic systems in the world.
7	The BRI offers opportunities for each country to develop their own economies.	The BRI will NOT lead to debt trap.
8	The BRI will facilitate countries to do business together on what benefits both parties.	The BRI is NOT a channel through which China dumps its excess capacity that the relevant countries do not need.
9	The BRI is a psychological reminder for cross-cultural contact and mutual understandings on business cooperation.	The BRI is NOT a plan for Chinese business people to promote China-centrism.
10	The BRI offers opportunities to “develop together”.	The BRI is NOT philanthropy or aid from China.

Source: Own elaboration.

3. *The Decisive Feature of the BRI*

3.1 *The BRI is Based on Bilateral Agreements; It Is Not Unilaterally Imposed by China*

Among all of the facts defining the BRI, we view this as the most important and fundamental condition for understanding the BRI. The initiative is based on voluntary participation, and this feature determines the subsequent features.

The official BRI website states that the BRI “is open to all countries, and international and regional organizations for engagement, so that the results of the concerted efforts will benefit wider areas” (China Daily 2015a). In addition, China has called for the participating countries to “promote comprehensive development of bilateral relations” and “enhance the role of multilateral cooperation mechanisms” (China Daily 2015a). Thus, a country has the freedom to exercise its sovereign discretion in deciding whether to join the BRI, on which aspects it wishes to collaborate with China, and on the conditions of such collaboration.

For example, Singapore pushed forward economic connections with China under the BRI concept. The China-Singapore (Chongqing) Demonstration Initiative on Strategic Connectivity was established within the framework of a China-Singapore connectivity initiative. A total of 110 business cooperation arrangements and 150 cross-border financing projects had been launched under this initiative as of the end of March 2021. The value of the business cooperation arrangements and cross-border financing projects agreed to in this project amounted to 20.7 billion and 13.1 billion United States dollars, respectively (Xinhuanet 2021). Both countries will benefit substantially from these economic collaborations when they are implemented.

Meanwhile, when the economic benefits become highly uncertain, especially under the COVID-19 crisis, the decline of investment, including some pushback and withdrawals from projects, shall be predicted and observed as strong evidence for the economic nature of the bilateral agreements. For instance, several countries such as Malaysia, Indonesia, and Myanmar have either downsized or postponed key BRI projects, so the “calling off” is clearly an option for the BRI as a bilateral agreement.

3.2 The BRI Range is Flexible; It Is Not Within a Fixed Area

Since the initiation of the BRI, the range of countries understood to be part of it has continuously grown. With the development of the concept and the ideas related to it, it gradually became clear that any country that wished to strengthen its economic connections with China under the umbrella concept of the BRI could negotiate with China and sign the necessary agreements to do so. Even if a country is not located in close proximity to the traditional land-based “Silk Road” or the ancient maritime trade route, the country can negotiate with China on economic collaboration. As a result, various reports list the total number of participating countries as 64, 79, 102, and so on – depending on the date of the report’s publication.

As of 30th January 2021, China has signed 205 agreements relevant to the BRI with 140 countries and 31 international organisations (Yidaiyilu Network 2021a; Nedopil 2021). Forty of the countries are in Sub-Saharan Africa, 34 are in Europe and Central Asia (including 18 countries of the European Union), 25 are in the East Asia and Pacific region, 17 are in the Middle East and North Africa, 18 are in Latin America and the Caribbean, and the remaining 6 are in Southeast Asia (Nedopil 2021). These countries and international organisations voluntarily signed agreements with China in which they participated in the BRI. Because the decision to participate in the BRI is based on each country’s (or international organisation’s) voluntary evaluation, such countries (or international organisations) will only make the decision to join if such a decision promotes their own interests. For instance, Australia has cancelled BRI deals due to the changes in economic outlook and non-economic factors caused by the COVID-19 crisis. As a result, the range of BRI is dynamic and open, especially when the priorities of participating countries shift to other considerations.

3.3 The BRI is Built and Shaped by All Countries Involved; It Is Not Dominated by China

The BRI is an inclusive idea. All countries that are willing to join the initiative can participate in shaping it. As long as the participating countries clearly analyse their own interests and sign contracts or MOUs with China under the umbrella concept, they can pursue their own interests

through the specific terms and conditions under which they enter the initiative. As China is highly integrated into the world business system, the close economic ties and complementarities with other countries jointly shape the BRI. When all parties shape the BRI in ways that are beneficial to them, it is likely that the BRI can lead to greater prosperity for the parties involved and for the world.

If successfully implemented, the BRI can facilitate the cooperative gains and hence help in generating wealth, rather than in redistributing it. It has been well established from research that the comparative advantages of different countries make voluntary trade beneficial to both parties, which leads to wealth creation and an increase in overall welfare. When the economic connections across countries are built and strengthened, all of the countries involved will be better off. The BRI can be particularly beneficial to countries that lack the infrastructure necessary for modern production and trade, as it can assist such countries to develop and modernise faster.

Some people understand the BRI by using the Marshall Plan as a benchmark. However, such a cognitive exercise is largely, if not entirely, misleading. The two ideas differ in many aspects, one of which is that the Marshall Plan was unilaterally decided upon by the United States government and clearly excluded Communist countries. With fear of Communist expansion in mind, the United States Congress passed the Cooperative Act in 1948 and approved funding for the rebuilding of Western Europe, precluding any measure of cooperation with the Soviet Bloc (Office of The Historian, n.d.). By contrast, the BRI has 205 agreements (additional agreements are expected to be entered into in the future), each of which has been approved by participating governments and has jointly helped to shape the BRI.

3.4 The BRI Addresses Economic Cooperation; It Is Not Likely to Include Any Conspired Political Agenda

The BRI features voluntary cooperation that is focused on the economy. There is no reason to suspect that China has prioritised political agenda over business motives. A necessary condition for the argument that China has some geopolitical agenda with the BRI is that a government that signs a contract (or MOU) with China would be willing to betray its own

interests to benefit China. Such an assumption, if distilled from the logical analyses, obviously does not make sense. An example of this ill logic is to see the corresponding decline in lending by Chinese banks during the COVID-19 crisis as evidence of the unsustainability of BRI (Wheatley & Kynge 2020). However, for any business project, it would only make sense to reduce or postpone the investment under high uncertainty until a clearer outlook is revealed, but not the other way around.

The BRI is often presented as masking a hidden geopolitical agenda (Cheng 2016; Overholt 2015). Some people assume or fear that the Chinese government is seeking to exert more influence on the world and compel more countries to bend to China's will, especially as many countries now have greater trade with China than with the United States (Ghosh 2020). The trade pattern today differs from what many people were accustomed to in the past when the United States was the largest trading partner of most countries. China's importance in world trade is both a cause and an effect of the BRI. First, China's importance in world trade makes China more enthusiastic in improving global connections in trade (i.e. initiating the BRI) and makes other countries interested in joining it. In comparison, the U.S. set up more barriers to global trade in recent years under the Trump administration, especially trade relevant to China. For example, a long list of competitive Chinese firms, including private enterprises such as Huawei, Tiktok, DJI technology, etc., has been blacklisted and sanctioned by various measures for political reasons without concrete evidence (Alper et al. 2020). Second, the BRI also advances China's business connections with the countries that participating in the BRI. For example, a research project focusing on Asian people's opinions on the B&R found that 56.9% of respondents agreed that the "BRI strengthens my country's political ties and trust with China" (Rana et al. 2019: 10).

Although such discussions alleging that China has geopolitical ambitions appear frequently in news and comments, the articles proposing geopolitical motivations for the BRI never cite any concrete evidence. The arguments are based on individual speculation and on projecting previous international relationships on China's BRI. People develop their way of thinking through their life experience (Egri & Ralston 2004). Many contemporary commentators grew up in an era dominated by geopolitical competition between major powers in the world; such people are more likely to think of the BRI from the perspective of geopolitical competi-

tion (Lee et al. 2018). It is quite likely that many people still use a Cold War mindset to understand what is happening today. For example, some people in the United States are concerned that the BRI may enhance China's impact in the world while simultaneously reducing the United States' impact (Feng et al. 2019). This view of matters as a zero-sum game represents a key feature of the geopolitical perspective (Lee et al. 2018).

3.5 The BRI Is Just One of Many Such Ideas; It Is Not Something That China Initiated Without Precedent

There are many efforts to facilitate regional integration when it comes to how to develop a country's economy. Some have been proposed by a single country, and many emphasise economic connections, starting from free trade to the single currency, with other countries. In recent decades, many similar ideas to BRI have been proposed, including Australia's Developing North Australia, Japan's Silk Road Diplomacy, Kazakhstan's Bright Road, Mongolia's Steppe Road, Southeastern Asian countries' Master Plan on ASEAN Connectivity, the United Kingdom's Northern Powerhouse, the United States' Silk Road Strategy Act, Vietnam's Two Corridors and One Economic Circle Plan, South Korea's Eurasian Initiative, Turkey's Silk Road Project, India's Project Mausam, Indonesia's Global Maritime Axis, Russia's Eurasian Economic Union, the EU's Juncker Plan, and the EU's Strategy on Connecting Europe and Asia (Dadabaev 2018; Kun 2017; Tao 2017).

To facilitate regional integration, many initiatives to develop economic collaboration and connectivity were also signed and implemented by many countries simultaneously. For example, the China and ASEAN Free Trade Area (CAFTA) agreement was signed in 2002, and the Regional Comprehensive Economic Partnership (RCEP) was signed in 2020. The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) was signed in 2018, and China and South Korea are actively considering joining it.

All of these ideas, plans, initiatives, and agreements have different features. Some focus on diplomatic aspects with geopolitical considerations, such as filling a power vacuum and asserting more national influence (Cooley 2015; Dadabaev 2013). For example, India's Project Mausam includes content on both trade and security. Such proposals are quite

different from the B&R. Other proposals focus on economic collaboration; however, all intend to develop the national and regional economy in this fast-changing environment.

As just one of many regional integrations that is relevant to developing the economy and promoting global collaboration, the BRI can co-exist with other such ideas, plans, and agreements. In the official document “Vision and Proposed Actions”, China also clearly states that “China will take full advantage of existing bilateral and multilateral cooperation mechanisms” (China Daily 2015a, Part V). China therefore has not invented BRI from scratch, nor does it intend to use the agreements to replace existing collaboration mechanisms.

4. *Effects of the BRI*

4.1 *The BRI Will Improve Connectivity Within the Countries and Between the Countries Involved; It Will Not Create Separate Economic Systems in the World*

One of the major purposes of the BRI is to improve the economic connections between the countries involved. Many of the principles, policies, and agreements of the BRI point to the issue of connectivity through improving infrastructure.

Such a focus has been widely accepted by the international audience, as shown in two empirical papers studying the opinions of the people covered by the BRI. When asked about the relevance of BRI’s five stated connectivity goals to the respondents’ country, the 1,205 Asian respondents gave high ratings. The options of the answers include “priority,” “relevant,” “not so relevant,” and “not sure.” More than half of the respondents rated the goal of “strengthening infrastructural facilities connectivity” as a “priority” for their country, while more than one third rated this as “relevant” (Rana et al. 2019: 7). The vast majority of the Asian respondents clearly believed that the BRI could help improve the infrastructure of their home country. The opinion surveys also indicate that many people worldwide believe that the benefits of the BRI to the countries involved include connectivity in economic relationships. In the survey of Asian people, 76.4% of respondents chose “agree” – the choices were “agree,” “neither agree nor disagree,” “disagree,” and “not sure” – in re-

sponse to the statement that the BRI “expand(s) trade, investment, and tourism with China and other BRI countries.” In addition, 58.3% of the Asian respondents agreed with the statement that the BRI “helps close my country’s infrastructure financing gap” (Rana et al. 2019: 9).

A similar survey was conducted among European people, and a similar pattern was found. In response to an item on “the relevance of the BRI’s stated connectivity objectives to your country,” an overwhelming majority of the 173 European respondents regarded infrastructure connectivity as being the most relevant component of the BRI. Specifically, over four-fifths (83.3%) of all respondents surveyed rated it as either a “priority” or “relevant” (Ji 2020: 9). In addition, when the European respondents were asked, “which infrastructure sectors should the BRI focus on in your country?” The majority of the European respondents considered transport infrastructure to be a “priority” (62.9%) or “relevant” (22.4%) (Ji 2020: 9). Thus, with the improvement of infrastructure, BRI countries will be more connected to and integrated into current global business circles but will not be separated as another economic system.

4.2 The BRI Offers Opportunities for Each Country to Develop Their Own Economies; It Will Not Lead Those Countries Into a “Debt Trap”

A country is described as being caught in a “debt trap” when that country cannot repay loans to another government and hence becomes more vulnerable to another country’s influence (Chellaney 2017). Some critics pointed to the idea that countries involved in the BRI can fall into the “debt trap” because many countries cannot access sufficient funds to invest in or finance infrastructure from other sources such as IMF or the World Bank. As the BRI does emphasise infrastructure as something important and fundamental to the promotion of global economic collaboration, new China-initiated financial institutions such as the Asian Infrastructure Investment Bank or existing Chinese policy banks such as China Development Bank and the Export-Import Bank of China normally play a leading role in BRI projects. Thus, some researchers have summarised the common understanding of the BRI in the world as follows: “A common criticism against the BRI is that China deliberately engages in predatory lending practices, known popularly as ‘debt-trap diplomacy”

(Rana et al. 2019: 10). Obviously, the debt trap is a serious concern for many developing countries because of their experience in the seven decades since World War II.

Although the debt trap is a concern for many, there is no concrete evidence to support such a concern regarding the BRI at this point. Detailed analyses in the World Bank report (2019) concluded that, for most countries, BRI projects would not significantly increase foreign debt. Meanwhile, according to the study by Hurley et al. (2019), among 68 BRI countries in their sample, 60 countries have no significant debt risk with BRI projects, and China has provided additional credit to distressed borrowers to avoid default without state assets having to be seized from 2001 to 2017.

Public opinion does not show as much concern about “debt traps” as many headlines do either. In the research of Rana et al. (2019) on the opinions of Asian people, researchers found that “more than 42% of the respondents (...) rejected such a narrative (Figure 5) although it is important to note that 30.6% felt otherwise and that more than a quarter (27.3%) of the respondents had not made up their minds on this issue” (Rana et al. 2019: 10). In fact, “[a] Filipino respondent from the Department of Trade and Industry for example explains: ‘This issue [of debt traps] has been proliferating [sic] in the media discussion for some time but I have not seen any document to support it’” (Rana et al. 2019: 10). In a similar study surveying Europeans, 41.6% of the respondents “rejected such accusations as far as their countries were concerned,” while 30.1% believed in the trap and 28.3% were undecided on the issue (Ji 2020). In fact, the BRI will not lead countries into a position of financial disadvantage as participation in the BRI is voluntary for each country and each country’s government will consider its own interests when financing BRI projects.

Filip Vujanovic, a former president of Montenegro, recently debunked the concern that Montenegro was caught in a “debt trap” caused by loans from China (Vujanovic 2021). As the only country without a motorway in Europe in the 21st century, Montenegro’s BRI project – Bar-Boljare motorway – is believed to be crucial to connect its country to Europe and hence boost future economic development. The designs for the road project, which links important cities in the country and improves safety, had been in existence for long time. However, Vujanovic explained that the first motorway in the country in the 21st century could not be financed by the IMF or the World Bank because the project would create debt risk

and no return on investment would be guaranteed, so he turned to BRI and was finally able to implement the project with money borrowed from a Chinese bank. Vujanovic argued that the loan was the most favourable choice for Montenegro at that time and that its government had a costly and budgeted plan to repay the money. The project was carried out successfully, but subsequent projects linking broader cities did not follow. Ongoing difficulties arose from the interruption of many projects because of the COVID-19 pandemic. Even though the pandemic continues to affect Montenegro's economy, Vujanovic argued that the loan would not lead Montenegro into a debt trap.

4.3 The BRI Will Facilitate Mutually Beneficial Business Between Countries; It Is Not a Channel Through Which China Dumps Its Excess Capacity Even When Other Countries Do Not Need It

Excess capacity means that China has more manufacturing capacity than it needs. One argument is that the BRI offers China the opportunity to dump its excess capacity on other countries. Like other arguments that conceive of the BRI as a medium for hiding different kinds of traps, this misunderstanding assumes that the countries involved in the BRI have no ability to protect their own interests. However, all these flawed speculations overlook a particularly important fact: China is perhaps the only country that has both the capability and real experience to manage and construct mega-infrastructure projects such as roads, dams and bridges with extreme geographical complexities. Thus, as long as the countries plan to build or improve their infrastructure, they are highly likely to hire Chinese contractors for the projects. In this sense, participating in the BRI with freely signed specific cooperation terms and agreements will further reduce barriers to leverage Chinese manufacturing capacity and facilitate collaboration to satisfy these countries' own needs.

For example, Brazil used Chinese capacity to build a power transmission line that is 2,076 kilometres long and passes through four Brazilian states (da Silveira 2018). China has increased its own capacity for the long-distance transmission of power in the past two decades because China itself faces a power imbalance: the majority of power generation in China is located in the northwest and southwest of the country, but the majority of power consumption in China is located in the southeast. The

high demand for efficient long-distance power transmission has led Chinese companies such as State Grid to develop advanced technology and to the development of industries relevant to this area of need. Under the BRI, this capacity can be used to benefit other countries, such as Brazil.

4.4 The BRI Is a Psychological Channel for Cross-Cultural Contact and Mutual Understanding on Business Cooperation;

It is Not a Plan by Chinese Businesspeople to Promote China-Centrism

The BRI does not offer any specific plans for businesses to use. On the contrary, the BRI enables countries to sign MOUs to offer more business opportunities. Businesses can then advance their own projects under MOUs at government level.

The BRI widens the range of business opportunities, which has attracted the attention of Chinese businesses seeking to expand internationally. Psychologically, the first, highest or largest items attract disproportionately greater attention, a tendency described as “remember first, forget second” (Dreben et al. 1979; Nisbett & Wilson 1977). The developed countries (the EU and US, or OECD countries) are the first in terms of global market and they are often deemed as targets for business globalisation “by default.” China started open-door and reform policies in the late 1970s. The majority of the global trade and investment that has been attracted since then has been with developed countries, particularly those in Western Europe and North America. Thus, when thinking about the places around the world with which to develop business links, the majority of Chinese executives may have been inclined to think of the United States and the EU. The BRI encourages many of them to think of other places and so widens their worldview in the search for new business opportunities. These BRI countries were traditionally less connected with Chinese business, but they also have many resources that Chinese businesses can use. When exploring appropriately, these countries can work together with China to find good opportunities for mutually beneficial terms and arrangements on complementing the capabilities and resources for the economic success.

Economists have argued that the expansion of options improves the utility of decision makers. In negotiation research, the widening of a party’s search domain helps to improve that party’s options or, more specifi-

cally, its Best Alternative to a Negotiated Agreement (BATNA) (Fisher et al. 1991). Research has established that a party's BATNA determines its success in negotiations to a large degree. When a party has a more attractive BATNA, it has more choices and will therefore reap higher pay-offs. Building closer connections with BRI countries also offers a similar advantage to those countries because they will have more contacts with Chinese people and hence opportunities to do business with China. When both sides have more communications and opportunities to find their area of comparative advantage, mutually beneficial solutions that did not exist earlier can emerge.

The psychological effect of the BRI is to induce all parties involved in the initiative to think of new directions that business globalisation could take by paying more attention to the connections between themselves rather than limiting themselves to global connections with developed countries. As many BRI projects involve infrastructure construction, the Chinese contractors and local workers will work closely together on a daily basis for a long time. The long-term and frequent communication will facilitate mutual understanding about cultural similarities and differences, which will eventually formulate multi-culturalism, rather than Chinese-centricity.

4.5 The BRI Offers Opportunities for the Countries Involved to “Develop Together”; It is not Philanthropy or Aid from China

Each country that wants to embrace the development opportunities provided by the BRI needs to work hard to understand its own needs and how to achieve those needs. The World Bank has a publication (World Bank 2019) summarising the “to dos” for the countries involved. For example, the World Bank book reminds the countries involved in the BRI to enact bolder and deeper policy reforms and to improve the effectiveness of infrastructure investments and national development strategies. It recommends that countries improve their trade policies and desist from border management practices that inhibit cross-border trade. The World Bank also recommends that countries make it easier to import and export goods and that they strengthen their fiscal and debt sustainability. Other recommendations to the countries involved in the BRI are that they

improve their environmental safety nets and invest in other skills, infrastructure, and mobile labour.

Thus, the BRI will not naturally bring wealth to the countries involved; each country must work hard according to its own conditions. The development of all countries after World War II shows that a country can thrive only by building the national competitiveness through jointly leveraging the domestic endowment factors and foreign resources. Some countries make full use of their talent and innovation and supply knowledge-intensive products to the whole world, some thrive through labor-intensive factors for its mass manufacture capabilities and accumulate wealth for the transition to innovation. All countries need to work to ensure effective employment, a sustainable capital supply, stable tax policies, and acceptable welfare systems, among other similarly daunting tasks. Outside opportunities provide conditions that each country can embrace and use, but the key to success lies in whether the country can achieve its own tasks and goals. No country can develop purely by the goodwill of others. The BRI offers opportunities for participating countries, but these opportunities must be grasped and used wisely. This also means risks and uncertainties are unavoidable with BRI projects, just like any other business activities, so all stakeholders, including governments, firms, employees, local inhabitants, etc., have to be educated and prepared for both “costs and benefits”. It is unrealistic to expect only to enjoy the outputs without the inputs. Besides, it is also important to strike a balance between short-term and long-term development as people all know that Rome was not built in a day.

5. *Conclusion*

Our interpretations above, which are based on evidence available to the public, show that the BRI is nothing more than the original, official document has stated. “Cooperation under the Belt and Road (BRI) framework is something in which all countries, big or small, rich or poor, can participate on an equal footing. This cooperation is public, transparent, and open, and brings positive energy to world peace and development. It carries forward the spirit of the Silk Road and pursues mutual benefit and complementary gains. Under this framework, the countries concerned adhere to the principle of achieving shared growth through discussion

and collaboration and join hands to build a new system of global economic governance” (Belt and Road Portal 2017: 4). Although misunderstandings exist, reality will prevail. I believe that these misunderstandings will gradually dissipate with the passage of time.

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The Belt and Road Initiative – A Globalization with Chinese Characteristics?

Matthias Niedenführ

1. Invoking the Past

In September 2013 Chairman Xi Jinping in a speech in Kazakhstan announced a political project to promote China's connections with Central Asia referring to the old idea of the 'Silk Road'¹. Initially this project received little attention outside of specialist circles. But when in October he followed up with a speech in Indonesia in which he announced a complementary project to connect China with Southeast Asia, recalling a shared history of maritime trade, soon everyone was talking about it in China.

Both projects – the land-based 'Silk Road Economic Belt'² and the '21st Century Maritime Road'³ – were combined in the 'One Belt, One Road'-project.⁴ The 'belt' refers to countries in Central and South Asia that have a lot of catching up to do in terms of infrastructure with the two ends of the Eurasian continent and the 'road' primarily to maritime trade with Southeast Asia. In English, the bulky 'OBOR' was soon replaced by "Belt and Road Initiative" to reflect that multiple routes are addressed (Cf. Economist 2017a; 2018a & 2018b).

Xi consciously mentions to the historical land routes through Asia that end in Xi'an on the Chinese side. Trade was carried out by caravans and

¹ Silk Road (*sichou zhi lu* 丝绸之路).

² Silk Road Economic Belt (*sichou zhi lu jingji tiedai* 丝绸之路经济带).

³ 21st Century Maritime Silk Road (*21 shiji haishang sichou zhi lu* 21世纪海上丝绸之路).

⁴ One Belt One Road, OBOR (*yidai yilu* 一带一路).

consisted of a chain of transactions by traders who each only made part of the journey at a time. The connectivity of the ‘New Silk Road’, on the other hand, is based on China’s commitment to trade over the entire distance. Maritime trade between Asia and Europe, in turn, was established a millennium ago by Arab traders who brought Islam to Southeast Asia. From the 16th century onward, European sea powers became dominant, permanently marginalizing continental trade (Sutherland 2003).

Figure 1: Historical Silk Roads and Maritime Trade Routes



Source: Own illustration.

The BRI thus refers to trade routes that have become largely redundant due to the dominance of Western players and direct maritime trade with Europe and the US. The term ‘Silk Road’ thus invokes the memory of a bygone era in which China was not yet a state in the Westphalian sense, but an empire with a claim to leadership over ‘everything under heaven’.⁵ The Confucian world view gave the Chinese emperor the role of an agent of ‘heavenly will’⁶ required to act as a benevolent patriarch caring for culturally inferior neighbors by imparting China’s superior culture, moral thinking, and civilizational achievements. This ‘Chinese culturalism’

⁵ All under heaven (*tianxia* 天下).

⁶ Will of heaven (*tianming* 天命).

stands in a certain contrast to European colonialism, although both concepts were shaped by ideas of superiority.

Since Chinese civil servants who administered the empire were imbued by Confucian values, they considered profit orientation as an inferior motivation. Hence, foreign trade was usually carried out under the auspices of tribute from vassals to the emperor, who gave appropriate ‘gifts’ in return. The arrival of the West disrupted this order as the latter was able to impose its own vision of modernity in the region. Local traditions, such as Confucianism,⁷ were subsequently pushed back from a central political role. Not only China, but also Japan, Korea and Vietnam, tried with varying degrees of success to find a balance for the European incursion, and tried to copy the West while keeping space for their own traditional thinking (Spence 1990: 208-233; Schoppa 2002: 86-124; Niedenführ 2021: 263-266).

2. *The “Belt and Road” as Asian Values 2.0?*

In addition to the much-discussed aspects of power in business and politics, the establishment of the BRI also has much to do with cultural self-assertion and is part of a long tradition in East Asian countries of confronting Western cultural dominance by stressing indigenous values and institutions. Already in the 19th century, numerous scholars in China and neighboring countries leaned toward selective Westernization evident in the motto of the Self-Strengthening Movement: “Chinese as the Essence, Western only as a Tool”.⁸ In the late 20th century Singapore’s Lee Kuan Yew and Malaysia’s Mahathir launched a debate about ‘Asian values’⁹ as a pushback against ‘universal values’ which they saw as not fitting into the region’s social and ethical matrix.

The BRI revisits many core ideas from the Asian values debate, since the underlying tension between local culture and power interests on the one hand and globally dominant Western values and political influence

⁷ Confucianism (*ruxue* 儒学).

⁸ Chinese Learning as Substance, Western Learning for Application (*Zhongxue wei ti, xixue wei yong* 中学为体, 西学为用). The term *tiyong* is derived from Chinese philosophy.

⁹ Asian Values (*yazhou jiazhi guan* 亚洲价值观).

on the other affect the People's Republic as well. However, the 'New Silk Road' should not simply be misunderstood as a proposition to reinstate the old *tianxia*-system, since China and its neighbors already have firmly internalized the idea of nation states. National thinking is even more pronounced in this region than in Europe, where the EU established supranational governance structures that weakened the idea of the nation (See the ideas of Zhao Tingyang, discussed in Zhang 2010). With the initiative, Xi has launched a platform that does not only affect trade and economic policy, but has become an overarching umbrella under which numerous foreign, domestic and geopolitical goals are pursued.

Whereas discussion outside of China usually focusses on *hard power* aspects, domestic political communication also includes *soft power*, such as the importance of culture and the common values of the countries involved (Nye 2008). At the BRI Forum for International Cooperation in May 2017, Xi invoked a "Silk Road Spirit"¹⁰, pointing to "people-to-people connectivity":

These four years [since 2013] have seen strengthened people-to-people connectivity. Friendship, which derives from close contact between the people, holds the key to sound state-to-state relations. Guided by the Silk Road spirit, we the Belt and Road Initiative participating countries have pulled our efforts to build the educational Silk Road and the health Silk Road, and carried out cooperation in science, education, culture, health and people-to-people exchange (Nye 2008).

In addition to *hard* economic categories, five *soft* dimensions are highlighted as well: science, education, culture, health and 'interpersonal exchange'. Xi once again takes up the idea of a "community with a common future for mankind"¹¹, which his predecessor Hu Jintao introduced into political discourse already in 2012 (Chan 2021; Mardell 2017). The following principles are to shape the BRI:

- peace and cooperation,
- openness and inclusivity,
- mutual learning and
- mutual benefit.

¹⁰ Silk road spirit (*sichou zhilu jingshen* 丝绸之路精神).

¹¹ Community of common destiny for mankind (*renlei mingyun gongtongti* 人类命运共同体).

Civilizations and various religions, such as Buddhism, Christianity and Islam, are to be connected along the Silk Road(s): “These routes enabled people of various civilizations, religions and races to interact with and embrace each other with an open mind” (Xi 2017a). The idea of a ‘community of destiny’ is intended to alleviate concerns of neighboring countries about China’s rise and supposedly supports “engagement as a shared regional vision” (Brand 2015).

For us, the question arises as to what role culture and common values actually can play when the region is characterized by so different peoples, religions, political systems and (sometimes) very contrary interests? Can the ‘Spirit of the Silk Road’ serve as a connecting element in this area of tension? What does the term mean in practical terms? What ideas from China’s traditional culture could serve as a resource for the cooperation?

3. *Export of an Infrastructure-Focused Development Model*

First, I would like to briefly outline the background of the initiative. Deng Xiaoping’s policy of ‘reform and opening’¹² had achieved an integration of the People’s Republic into the global value chains, with China initially playing the role of a production location for foreign companies whose products were primarily intended for consumption in industrialized countries. The special economic zones¹³ on the southern coast used their proximity to Hong Kong, Taiwan and Macau to experiment with free-market policies and attract foreign direct investment, technical know-how and managerial expertise.

With accession to the WTO in 2001, China became the ‘extended workbench’ of the world and its ports became important transshipment hubs, although the container ships primarily headed for destinations outside – not within – the region. While maritime trade became extremely important as Chinese demand for Western consumer and capital goods and commodities from the MENA region increased,¹⁴ land-based trade with China’s fourteen neighboring countries remained negligible. Therefore,

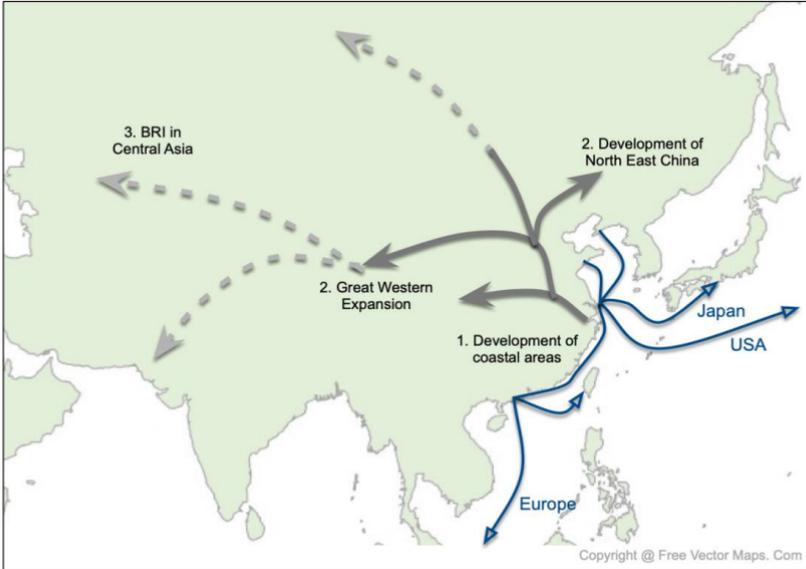
¹² Reform and Opening (*gaige kaifang* 改革开放).

¹³ Special Economic Zone, SEZ (*jingji tequ* 经济特区).

¹⁴ Middle East and North Africa, MENA.

the proposal of a political strategy that would encourage land-based trade was initially rather surprising.

Figure 2: Infrastructure-Focused Development



Source: Own illustration.

The dynamic development of China's coastal provinces was accompanied by a 'great development of the West'¹⁵ from the mid-2000s onward. In addition to the promotion of economic zones, large infrastructure projects in particular play a role, and it was possible to build on the accumulated experience from the coastal construction boom. China took Japan's train connectivity as a model and expanded its rail network to over 100.000 km, connecting 80% of the major cities down to Tier 3 cities with 35.000 km of high-speed tracks (CGTN 2020).¹⁶

¹⁵ Great Western Expansion (*xibu da kaifa* 西部大开发).

¹⁶ Tier 1 are the metropolises Beijing, Shanghai and Guangdong. Tier 2 includes cities with over 10 million inhabitants such as Nanjing, Wuhan or Hangzhou. Even the Tier 3 cities like Zhengzhou, Xi'an or Suzhou have more than 5 million inhabitants.

China's extensive experience and production capacity in infrastructure construction – such as railway lines, bridges, airports, highways, subways, power lines, dams and power plants – is now an important asset used in the field of infrastructure projects of the BRI. From financing to completion, China can process all steps in a one stop solution. The development model established in the coastal regions and perfected in landlocked provinces now is being turned into an export hit. In Central Asia, for example, there is an investment gap of around US\$ 26 trillion, compared to the developed regions in the western and eastern parts of the Eurasian 'world island'. The US\$ 900 billion investment plan announced by China can only cover a small part of this (OECD 2018: 3ff.).

4. *Expansion of the BRI and Integration of Existing Cooperation Formats*

As early as 2014, the Silk-Road Fund,¹⁷ a well-equipped financial institution, was created, which together with the Export-Import Bank of China¹⁸ provides the necessary loans and financial expertise to enable projects under the umbrella of the BRI (State Council 2015; Economist 2017a). Already existing foreign policy cooperation formats such as the Forum on China-Africa Cooperation¹⁹ and the Cooperation between China and Central and Eastern European Countries²⁰, better known as the 16+1-format, were closely fitted into the New Silk Road, both in terms of coordination and financing offers. Later, formats such as the Lancang-Mekong Cooperation Mechanism²¹ became pieces of the puzzle. Finally

¹⁷ Silk Road Fund (*silu jjin 丝路基金*).

¹⁸ Export-Import Bank of China, ExIm Bank (*Zhongguo jinchukou yinhang 中国进出口银行*).

¹⁹ Forum on China-Africa Cooperation, FOCAC (*Zhong-Fei hezuo luntan 中非合作论坛*).

²⁰ Cooperation between China and Central and Eastern European Countries, China-CEE (*Zhongguo Zhongdong'ou guojia hezuo 中国—中东欧国家合作*). After the addition of Greece it was called '17+1-format'.

²¹ Lancang-Mekong Cooperation Mechanism, LMC (*Lancan jiang meigong jiang hezuo 澜沧江—湄公河合作*).

in 2016, the Asian Infrastructure Investment Bank²² was added as a key multilateral actor.

The BRI was initially conceived in the form of six corridors for economic cooperation along a Eurasian land bridge connecting China with Western Europe, Russia, Central and Western Asia, as well as Indochina. Five of the corridors include several partner countries each, which makes coordination considerably more difficult. In addition, these countries have significant differences among themselves. It is therefore not surprising that only the bilateral cooperation with Pakistan has numerous completed projects, and not only declarations of intent. There is often an evident gap between planning and implementation in BRI projects (Sacks 2021).

The initiative metamorphosed into a vehicle for all sorts of policy areas, which also affect other regions of the world, such as cooperation with South and Central America, Africa and the Pacific nations (Hillman 2017). Geopolitical interests in the polar regions ('white silkroad') were conceptually integrated, as were thematic 'silk roads', such as environmental protection ('green silkroad'), outer space or the cyberspace (Belt and Road Advisory 2018a). Domestically, institutions at the provincial and local level were tempted to acquire central funds by formulating projects in line with the BRI framework (Raftery 2017). Along with the almost inflationary use of the label 'silk road', there is a lack of definition as to what this initiative actually is.

A central stated objective of the BRI is assistance for countries with significant development needs. The announcement that large amounts of funding would be made available in the form of loans led some pundits to compare it with the Marshall Plan. The latter, however, consisted of direct transfers with no obligation to repay, while the lion's share of BRI funds are loans, which can lead to complications (Brown 2017; Economist 2018a).

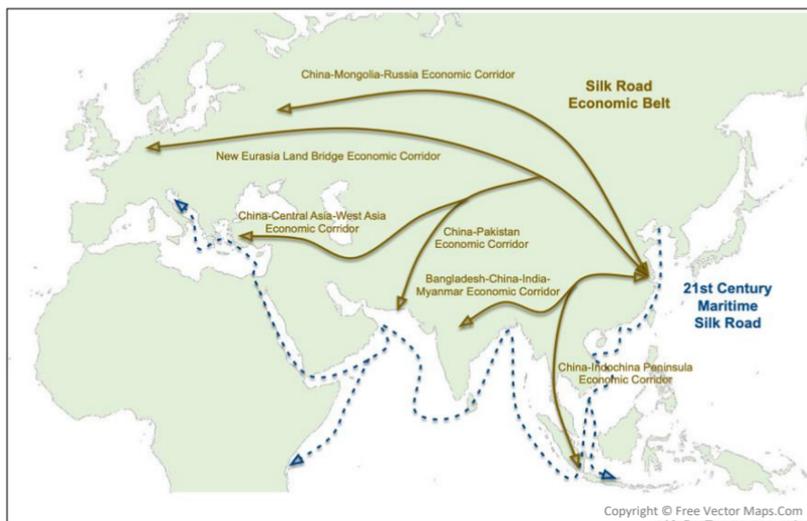
This dilemma is epitomized in the moniker 'One Belt, One Trap'²³ (BBC 2017; Economist 2018d). In some cases, such as in Sri Lanka, the transfer of securities for a payment default had been agreed, which led to

²² Asian Infrastructure Investment Bank, AIIB (*Yazhou jichu sheshi touzi yinhang* 亚洲基础设施投资银行).

²³ One Belt, One Trap (*yidai yixian* 一带一陷).

accusations of China driving poorer nations in *debt traps*.²⁴ In other cases, where Beijing generously wrote off demands, criticism back home increased that China was wasting funds abroad that are lacking at home (Jones & Hameiri 2020; Economist 2017b; 2018b).

Figure 3: Belt and Road Economic Corridors



Source: Own illustration.

Due to the expansion of the BRI concept to all possible cooperation forms, possible ways and tools for finding compromises have become extremely complex. Even Chinese experts cannot tell us what the New Silk Road actually is, a platform, a project, a program, or an organization? In the latter case, there would need to be a common charter that members can vote for. So far, however, the projects mostly are bilaterally designed with default involvement of Chinese actors (state, state-owned companies and private companies). Real multilateralism would mean increased cooperation between the partner countries, which yet cannot be seen to any great extent (Gramer 2017; Diplomat 2017; Economist 2018c; 2018d).

²⁴ debt trap policy (*zhaiwu xianjing zhengce* 债务陷阱政策).

Some Chinese experts, such as Zou Tongqi (Beijing International Studies University), admitted that China hasn't "really come up with a specific goal" (cited in Economist 2017b). Despite all the assurances that the initiative is only pursuing benign objectives, geopolitical factors are not hard to identify. Xiang Lanxin (Centre of One Belt One Road and Eurasian Security) added: "When Chinese officials say there is no geopolitics involved ... that's not quite convincing, because it does involve geopolitics, everybody realizes that" (cited in Economist 2018d).

Most Western countries were reluctant to join from the start because they assumed that China would primarily serve their own interests with this initiative. But one can find examples of both, *power wrangling* at the expense of weaker partners as well as China accepting large write-offs in the interest of poor countries. But the opaque approach of the decision-makers in Zhongnanhai²⁵ makes building trust difficult. Domestic actions such as the subjugation of potential opposition in China's periphery since 2016 have heightened this skepticism dramatically in recent years.

5. *Competing Objectives*

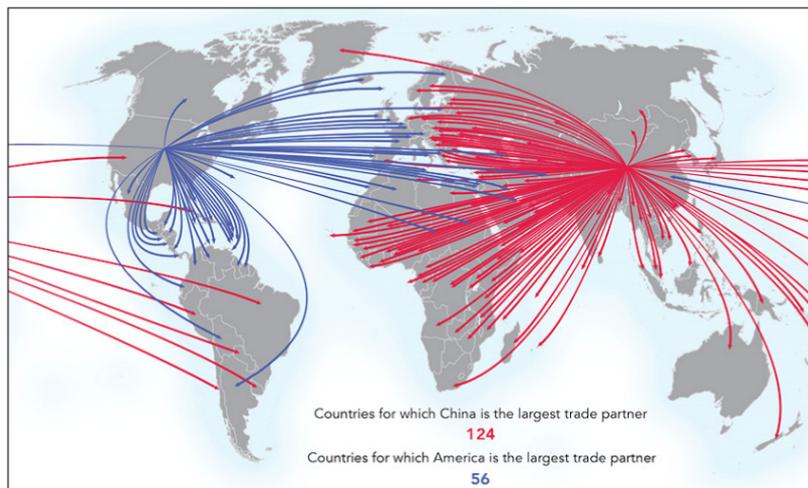
The economic objectives of the BRI for the People's Republic include, among other things, the expansion and shifting of control over the governing bodies of the existing global economic order. So far, this order has been shaped by the Bretton Wood institutions created by the Western Allies after the Second World War intended to promote a stable international trade and financial framework. The existing system now is being pushed back in certain areas by the creation of parallel institutions such as the AIIB, but without completely undermining it either. In doing so, China is trying to alter the multilateral order in line with its own interests, which so far has been dominated by the West (Wang et al. 2018; Campbell & Ratner 2018; Prasad 2018).

The partner countries of the BRI, in turn, have their own interests in mind when accepting Beijing's offers of cooperation (Belt and Road Advisory 2018b; 2018c; Economist 2018c). As the map below shows, the

²⁵ Zhongnanhai (中南海) is a former imperial garden west of the Forbidden City which was the seat of government as early as the Qing period and houses the CPC headquarters and the State Council.

target regions of the New Silk Road are already often dominated by countries for which China is the most important trading partner. The BRI offers alternatives to the established financial suppliers, especially for countries in the Global South that have a lot of catching up to do – especially in the areas of infrastructure, economic growth and education. In countries with unstable political conditions, prestige projects can strengthen the position of the respective government, even if these are not necessarily in the long-term interest of the recipient countries. Local resistance – even more so than the inevitable criticism from the West – has made Beijing’s decision-makers more cautious about lending. Environmental protection, local participation and employee protection are now better taken into account than in the early phase and ‘check book diplomacy’²⁶ is becoming more transparent.

Figure 4: Relative Position of the US and China as the Most Important Trading Partner to Other Countries



Source: Khanna (2016).

²⁶ Check book diplomacy (*zhipiao boo waijiao* 支票簿外交).

In addition to *hard* categories such as trade links, market access and infrastructure development, the Chinese government is also concerned with *soft* categories such as networking, connectivity, partnership and sustainable development. For these categories, Chairman Xi introduced the term ‘Silk Road Spirit’. However, western observers, such as the European Chamber of Commerce in Beijing (CCIC 2017), often see a discrepancy between external political communication and the actual implementation of political goals.

In this volume, nevertheless, Wieland quite correctly argues that the veracity of Beijing’s proclamations is not necessarily the only decisive factor, but whether these principles are “really suitable as a basis for global cooperation between multiple cultures”. I would add that it is important for the success of the initiative that the adaptation to concrete, local constraints and the resulting situational flexibility do not lead to arbitrariness. Political communication and practice – i.e. proclaimed and lived values – must not diverge too far, because then this discrepancy undermines external credibility.

Here the concept of ‘sincerity’²⁷ comes into play, which occupies a central place in the Chinese intellectual world and current political communication (Sohu 2021). The term is closely related to the ideas of trustworthiness and integrity.²⁸ China has to pay attention to external credibility not only in its communication with the West, but also with countries along the Silk Road. These young nations often still have living memory of experiencing heteronomy, for example in Eastern Europe and in the post-colonial states of Central Asia, Southeast Asia or Africa. A permanent imbalance in the relations of the partner countries in favor of China will lead to rejection in the same way as these countries rejected European colonial rule or dominance by the US or the USSR.

China must therefore carefully consider how to balance its own trade interests and the creation of strong partners in the region for China’s geopolitical benefit. The post-war policy of the US with the Marshall Plan and the eastward expansion of the EU (not NATO, that’s a whole different subject) are seen by some as balancing projects that the BRI can use as a guide. There should be minimal consensus between partner countries

²⁷ sincerity (*cheng* 诚).

²⁸ trustworthiness (*xin* 信) and honesty (*lian* 廉).

about common values, for which international standards and institutions are helpful. Ideally, these institutions should be of a multilateral nature.

6. *The “Silk Road Values” in the Mirror of Chinese Culture*

The above-mentioned “Five Principles of Peaceful Coexistence” refer to the question of shared values. In order to be able to classify them better, we should not only consider the translations but also the original terms and their respective cultural connotations. To elucidate this, I will introduce complementary concepts from Confucian philosophy, which have shaped Chinese society for over two millennia – even today, despite several decades of oppression in the first thirty years of the People’s Republic.

6.1 *Peace and Cooperation*

In Xi’s speech, ‘peace and cooperation’²⁹ are mentioned on top of the list. The fact that the term ‘cooperation’ appears almost 50 times is intended to demonstrate how much the BRI fosters cooperation with partners. In order for it to become a ‘road to peace’, Xi demands that the sovereignty, dignity and territorial integrity of the other partners are respected, as well as their development path, social system and core interests (Xi 2017b). The term ‘peace’ in Chinese has connotations of ‘quiet’ and ‘peaceful’, but also ‘pacification’.³⁰ Xi recalled the peacekeeping missions that have been sent west since the Han Dynasty to strengthen Central Asian ties.

In fact, the historic Silk Road was heavily dependent on a political framework. Trade flourished in times of peace, but came to a standstill in times of war. The empire conducted foreign trade in an imperially sanctioned form, i.e. as a tribute trade. In ancient China, there were separate terms for ‘barbarians’ for all four points of the compass, a fact that underlines a self-understanding of center vs. periphery. Trade was one of the means of keeping peace with the nomadic peoples of Central Asia. Interestingly, numerous localities in Xinjiang (literally ‘new frontier’), a region first incorporated into the empire in the Manchurian Qing-Dynasty

²⁹ peace (*heping* 和平) and cooperation (*hezuo* 合作).

³⁰ peaceful (*ningjing* 宁静) or pacification (*hejie* 和解).

(1644-1911), contain the character for ‘peaceful’ or ‘quiet’, which here carries the euphemistic meaning of ‘pacification’.³¹

6.2 Openness and Inclusiveness

When Xi speaks of ‘Openness and Inclusiveness’³², we have to be clear about the underlying concept of group affiliation. Comparisons of the social order in the West and China, often use the concept pair of ‘individualism’ and ‘collectivism’, for example Hofstede’s cultural dimensions (Hofstede & Hofstede 2004: 100). The sociologist Fei Xiaotong, instead, introduced the term ‘groupism’ for the Western notion of group membership of individuals and contrasted this with the term ‘circles’. In the first case, membership is characterized by abstract categories; all individuals have an equal relation to it, depending on clear criteria, even without having to maintain social contacts with each other. The ‘circles’, on the other hand, are “open and inclusive”; they depend on the context and are shaped above all by actual social relationships (Hermann-Pillath 2016: 100).³³

The focus of the ‘circles’ is therefore on social relationships³⁴, on *guanxi*, a concept often misunderstood in the context of business relationships and is largely equated with corrupt practices.³⁵ In my understanding, *guanxi* is rather a mutual long-term commitment that serves social reassurance, which is important in a society with weak institutional security.³⁶

“Openness and Inclusiveness” in the context of the BRI has the flavor of this aspect. Participation only makes sense with constant communication and should be based on long-term relationships with continuously

³¹ peaceful, calm (*ning* 宁).

³² openness (*kai fang* 开放) and inclusion (*baorong* 包容).

³³ Groupism (*tuanti zhuyi* 团体主义) and circles (*quanzi* 圈子).

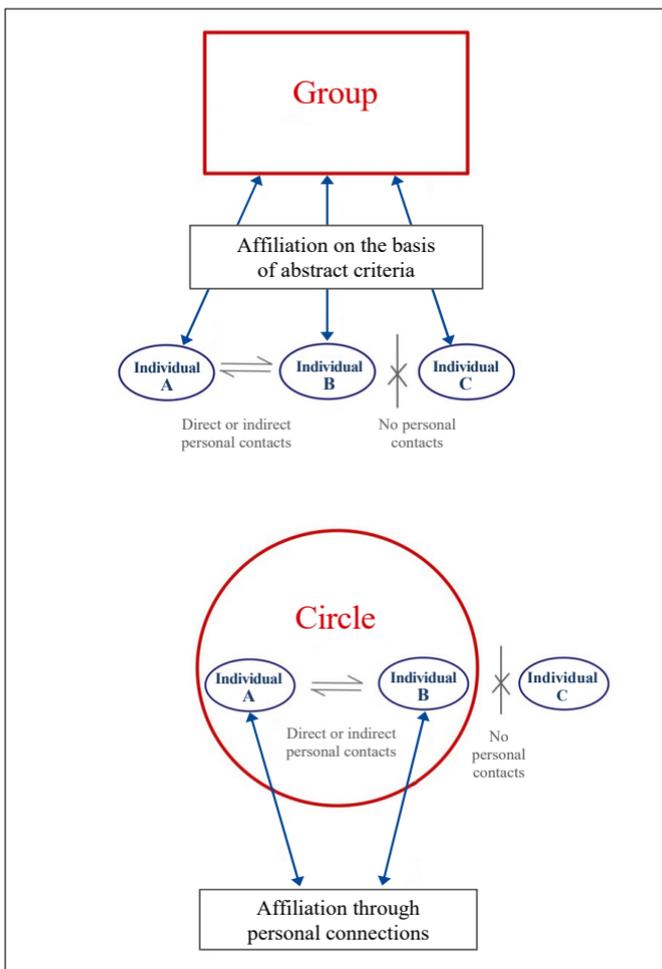
³⁴ relations (*guanxi* 关系).

³⁵ People belonging to one’s ‘circle’ might expect special treatment and then the demarcation to corruption can be fluid. However, enrichment in the interests of one’s own group is seen differently in China than personal enrichment.

³⁶ For instance, someone who has helped a group member with a job recommendation becomes an unofficial guarantor whose *guanxi* network can be severely damaged by subsequent misconduct of that candidate.

increased trust. The act of signing a contract is only the beginning of the relationship and cannot replace a process of ongoing mutual reassurance by both parties.

Figure 4: Group Affiliation in the West and China



Source: Own illustration.

6.3 *Mutual Learning and Mutual Benefit*

The principle of ‘mutual learning’ here not only emphasizes flourishing trade, but also refers to the fruitful exchange of ideas and knowledge that has enriched the cultures along the historic Silk Road. Xi specifically mentions that Buddhism and Islam came to China along these paths. The term used for ‘mutual learning’³⁷ has the connotation of acknowledging and emulating each other’s good achievements, while recognizing, reflecting on, and avoiding each other’s mistakes. This notion fits the Confucian aphorism “Where three people walk together, my teacher will be among them” (*Analects of Confucius*).³⁸

The concept ‘mutual benefit’³⁹ in Confucian thought is epitomized in the idea of “establishing yourself and establishing the other”,⁴⁰ i.e. the recognition that long-term success cannot be achieved through self-centeredness, but requires collaborative efforts. In Chinese culture, individuals are conceptualized as being embedded in social networks where everyone is expected to keep an eye on group success. When we apply this to the macro level, states also can show a high ability to cooperate with each other through considering mutual interests. This Confucian view clashes significantly with a realistic perspective on foreign policy, in which “states have no friends but only interests” (Charles de Gaulle). In Chinese thought, political realism corresponds to the Legalist school of thought⁴¹, which competed with Confucianism, the official state philosophy throughout most dynasties.

Only when the BRI partners are convinced that their own interests are being taken into account and a “win-win situation”⁴² is the target will the partner countries actually intensify relations. How this can go wrong can currently be seen in the 16+1-format, where many former Eastern Bloc countries were invited, while the West was left out. Contrary to the expectations of signatory nations, China’s investment focus remains in the

³⁷ mutual learning (*huxue hujian* 互学互鉴). The character *jian* stands for a mirror.

³⁸ *Analects of Confucius*: 三人行，必有我师焉；择其善者而从之，其不善者而改之 [When I walk along with two others, they may serve me as my teachers. I will select their good qualities and follow them, their bad qualities and avoid them (Legge 1893)].

³⁹ mutual benefit (*huli gongying* 互利共赢).

⁴⁰ establishing yourself and establishing the other (*chengji chengren* 成己成人).

⁴¹ Legalism (*fajia* 法家).

⁴² win-win situation (*shuangying jumian* 双赢局面).

Western parts of the EU, investments remain marginal in the partner countries. If the ambitious announcements made by China don't have a follow-up of concrete measures, the young nations of Eastern and Central Europe may remember that the EU is making considerably more funds available to them and their own values are more compatible to the EU, jeopardizing the format altogether (see Pendrakowska in this volume).⁴³

6.4 *Harmony Other Inter-Civilizational Tolerance*

When Chinese talk about 'harmony',⁴⁴ one can safely assume that they have the Confucian 'cardinal virtues'⁴⁵ in mind, especially 'propriety',⁴⁶ i.e. correct behavior between individuals within hierarchical relationships. Confucius introduced the 'Five Relations'⁴⁷, in which the stronger party may not act arbitrarily. According to the guiding principle of 'reciprocity',⁴⁸ the lower ranks have to act according to the duty of loyalty while the upper ranks have to act according to the duty of care. In extreme cases, immoral rule can trigger rebellion and a change of government – legitimized by 'heavenly mandate'.⁴⁹ The Confucian leadership ideal assumes a paternalistic and benevolent rule of morally oriented individuals, which Mencius called "benevolent government".⁵⁰

Although the PRC and BRI partner countries maintain relationships between sovereign states today, there are obviously significant power imbalances. The way that China wields its own economic, political and military power is crucial to the future success or failure of the "Belt and Road". Political scientist Yan Xuetong (Tsinghua University) described

⁴³ In September 2021, Lithuania granted the Economic office of the Republic of China to officially use "Taiwan" as part of its name, starting a larger dispute with Beijing.

⁴⁴ harmony (*he* 和).

⁴⁵ Five Constants (*wuchang* 五常).

⁴⁶ propriety, etiquette (*li* 礼).

⁴⁷ Five Relations (*wulun* 五倫): sovereign-subject, parent-child, husband-wife, elder and younger siblings, and friends.

⁴⁸ reciprocity (*zhongshu* 忠恕).

⁴⁹ Interestingly, the modern word for 'evolution' (*geming* 革命) originally meant "reversal of the heavenly mandate", i.e. when the heavenly mandate (*tianming* 天命) shifts from a bad government to a better one.

⁵⁰ benevolent rule (*renzheng* 仁政).

the US, which has long assumed the role of a leading power, as a ‘benevolent hegemon’, and contrasted it with the ‘moral authority’ of China, which is he deems was not striving for hegemony (Yan 2010). Taking the New Silk Road as an example, this ‘moral authority’ is under ever-increasing observation relative to China’s growth in power.

The principle of “tolerance between civilizations”⁵¹ can be compared with the Confucian concept of “harmonious but accepting of differences”⁵². Instead of expecting or demanding uniformity, there is an awareness of cultural diversity, which is allowed and appreciated as long as a certain corridor of common values and goals is adhered to. For this very reason, the emperors of China were not attached to just one religion or school of thought. They had to rise above exclusive allegiances and act as custodians of all religions in the empire and had to act as mediators to heaven representing all their subjects. Hence we find Buddhist temples, Taoist shrines and Confucian schools, as well as Islamic mosques and Christian churches funded by emperors. The rulers of the Qing pursued an enlightened religious policy: after conquering the peoples in the Western part of the empire, they built replicas of the temples of these peoples in Chengde, in the North-east of Beijing, and invited spiritual leaders, such as the Dalai Lhama, for whom a copy of the Potala Palace in Lhasa was built there. This emphasized the imperial patronage of Lamaism and solicited the support of its followers. The question of how far the CPC can tie in with the tolerant models of the Tang (618-907), Yuan (1271-1368) or Qing will become very important in the medium term, especially in respect to the Muslim-dominated countries of the BRI. Tolerance between civilizations is more convincing when it is also a reality in China herself.

6.5 *Market Rule and International Norms*

From a historical perspective, China successfully dealt with common standards and norms very early on, which made political and economic cooperation possible. Thus, the unification of the Warring States by the First Emperor of the Qin Dynasty (221-202 BCE) was a product not only of military conquest but also of effective integration of script, weights,

⁵¹ Inter-civilizational tolerance (*wenming kuanrong* 文明宽容).

⁵² Harmonious but accepting of differences (*he er bu tong* 和而不同).

measures, political institutions, as well as linking the newly conquered smaller states through a road building project. The construction of the Great Wall in different dynasties had the purpose to repel attacks from nomadic peoples, to separate the well-ordered agrarian China from the chaotic world beyond its borders, and to control trade flows.

The control and security of trade routes has been an essential basis for globalization and thus a main reason for the prosperity of China. It is not without a certain irony that the country, like few others, has benefited from the security and stability of global trade provided by Western powers, most notably the US. The commitment of all US presidents since Nixon to integrate China into global trade, such as the Most Favored Nation Status (MFNS), enabled the economically weakened China to gain access to global markets and was a key prerequisite for its economic rise. The role of the US as a globally-active policeman guaranteed security of the trade routes, from which China and Europe benefited greatly. It is still very questionable whether China is willing or able to provide this by herself. With the Shanghai Cooperation Organization created in 2001,⁵³ a new platform of military cooperation was created that overlaps with the BRI. Some observers see it as a strategic mistake by the USA, that it did not actively delay the expected rise of China as a systemic competitor much earlier (Mearsheimer 2021).

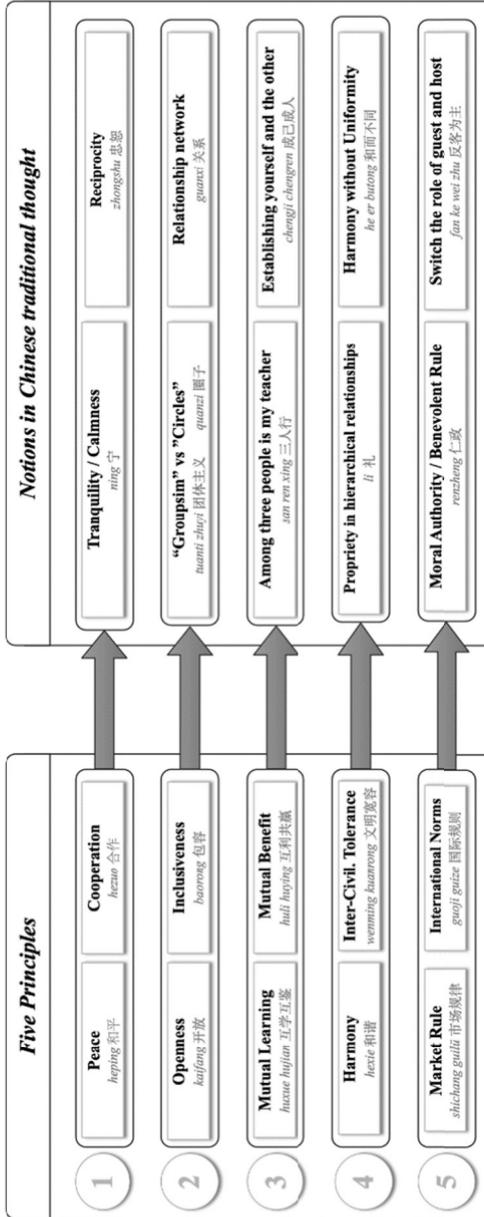
Xi's commitment to the importance and necessity of "market rules and international norms"⁵⁴ does not mean that China will accept these to be indefinitely primarily written by Western players. The dissemination of Chinese technical standards (such as the label China Compulsory Certificate, CCC) in BRI-countries paves the way for a greater say of the PRC in setting international standards by way of creating facts on the ground. This strategy corresponds with the stratagem of the philosopher Sunzi: "Swap the roles of guest and host".⁵⁵

⁵³ Shanghai Cooperation Organization, SCO (*Shanghai hezuo zhuzhi* 上海合作组织).

⁵⁴ Market rule (*shichang guilü* 市场规律) and international norms (*guoji guice* 国际规则).

⁵⁵ To change the positions of the host and the guest (*fanke weizhu* 反客为主).

Figure 5: Five Principles of Coexistence and Traditional Chinese Concepts



Source: Own illustration.

7. *Confucian Entrepreneurs and their Role in the Belt and Road*

As Wieland quite rightly argues in this volume, the aim of the BRI should be that the countries involved “agree on suitable cultural starting points for establishing compatibility and connectivity”. However, it is not only the respective governments that have to be active through negotiations and consultations at the macro level, but also a whole range of non-governmental actors at the meso level, such as private companies. Since they are directly involved in many BRI projects, their behavior has a direct impact on local support or opposition for the initiative and China’s image. A number of anti-Chinese protests, for example in South Africa against companies that undermine environmental protection standards or in Slovakia against companies that undermine labor protection standards with Asian workers flown in, are a particular headache for Beijing (Jeremic & Dragojlo 2017).

It is of great interest to Beijing to keep reminding those private companies that they are expected to “go out into the world”⁵⁶ and do their patriotic duty of promoting the country’s image in the world. Among the private companies the so-called ‘Confucian entrepreneurs’⁵⁷ play a special role, a type of entrepreneur found in the mainland since the late 1990s (Niedenführ 2018; 2021a). They aim to combine Western management knowledge with traditional Chinese virtue ethics in order to develop a genuinely local approach to sustainable management, including stakeholder considerations of employees, the environment and business partners. At conventions, such as the renowned Bo’ao Confucian Entrepreneur Forum⁵⁸ these business people discuss “management with Chinese characteristics”⁵⁹ and how it ties in the strategy of ‘national rejuvenation’⁶⁰. The motto of the forum in 2017 was “Speak to the World”⁶¹, which indicates that entrepreneurs are expected to champion the ‘China’-brand, and

⁵⁶ Going Out-strategy (*zouchuqu zhanlüe* 走出去战略).

⁵⁷ Confucian entrepreneurs (*rushang* 儒商).

⁵⁸ Bo’ao Confucian Entrepreneur Forum (*Bo’ao rushang luntan* 博鳌儒商论坛).

⁵⁹ Management thinking with Chinese characteristics (*Zhongguo tese guanli sixiang* 中国特色管理思想). The term was introduced by scholars, such as Cheng Chong-ying 成中英 and Chen Shijing 陈世清, and propagated by “model entrepreneurs”, such as Mao Zhongqun 茅忠群, CEO of Fotile 方太 (Cf. Niedenführ 2021b).

⁶⁰ national rejuvenation (*minzu fuxing* 民族复兴).

⁶¹ Speak to the World (*dui shijie shuo* 对世界说).

thus “tell the China story well”⁶². But this endeavor goes beyond pure self-assertion and is indicative of a new self-confidence on the part of Chinese entrepreneurs who are convinced that they can contribute to the global discussion of sustainable entrepreneurship. One of my case study respondents described his goals as follows:

When President Xi proposed the BRI, I thought: “What is our BRI supposed to show to the world? [...] We are always pondering how to make the world see Chinese culture; we believe that it is the most important thing for our culture to go out. [...] The most important thing right now is to give abundantly of the wisdom of the ancient sages and men of virtue to everyone. This is what really should be done with the BRI. So, we bought a company that makes losses in Malaysia instead of one that makes money [and then turned it around using our approach].⁶³

Consequently, some of these entrepreneurs take the political mandate to spread Chinese culture very seriously. On the one hand, this is due to intrinsic motivation and pride in China’s long-suppressed cultural roots, but on the other hand, it is a response to the government’s specific pressure on private companies to spur national goals. This policy, which has been enforced for several years, is described as “the state goes ahead, the private (companies) retreat”.⁶⁴

8. Future Challenges

The cultural dimensions of the BRI have a firm place in Beijing’s political communication, but in my opinion are given too little attention in Western discourse, due to a strong focus on the hard categories of the initiative. The current escalation of an emerging major conflict between the USA and China, progressively portrayed as a systemic conflict in which every concession made by one side is seen as a gain for the other side

⁶² Telling the China Story well (*jianghao Zhongguo de gushi* 讲好中国的故事). Chairman Xi introduced this directive as early as 2013 (China Media Project 2021).

⁶³ Interview with Wu Nianbo 吴念博 in November 2017, the founder of the technology company Good-Ark 固得. Wu has already been recognized by the WHO and UNESCO for his approach to promoting ethical education in the company (Niedenführ 2021b).

⁶⁴ The state advances, the private sectors retreat (*guojin mintui* 国近民退).

following zero-sum logic, makes research in the role of “people-to-people” connectivity and intercultural and transcultural dimensions of the BRI increasingly difficult. At the same time, China experts in the West are increasingly being tagged with unhelpful categories such as ‘panda huggers’ or ‘China bashers’, and the mere effort to understand the perspective of the partner, competitor or opponent in Western discourse are discredited. The same is happening for pundits of the West in China.

With the ‘dual circulation’⁶⁵ strategy, the Xi government in May 2020 presented a concept in which China’s dependence on foreign trade is to be reduced by promoting the domestic economy (Yao 2020). For many observers, this calls into question the previous course of continued opening of the economy, which is also key to the BRI. China wants to organize its economy internally according to its own rules and thereby reduce global exposure. However, China also wants to continue to benefit from the global trading system. This inevitably leads to conflicts, as the close interlocking of the economy with the rest of the world leads to numerous situations in which competing compliance systems collide. In areas such as data protection, environmental and climate protection and cross-border crime, however, joint governance is absolutely necessary.

As shown above, the idea of the Silk Road in the past was based on the cooperation of various peoples, including East, Southeast, South, Central and West Asia, but also European and African peoples. At that time, the Silk Road was already shaped by a wide variety of cultures and religions. If Xi now invokes this legacy, the idea of the peaceful coexistence of cultures is not marginal. This is largely based on people-to-people contacts, which have recently come under considerable pressure due to Corona and Beijing’s Zero-Covid strategy, which makes travel to China almost impossible, but also because of many platforms for exchange were terminated. For example, hundreds of university agreements with foreign countries have been terminated because Chinese institutions are supposed to focus more on political orthodoxy (Niedenführ 2022).

When we talk about transculturality and the BRI, we should also note that many actors, both in the West and in China, draw their identities from different sources and have very much internalized Western ideas – conveyed, for example, through films and television, or stays abroad. If that were not the case, the CCP would not be so keen on vehemently trying

⁶⁵ Dual circulation (*shuang xunhuan* 双循环).

to contain these Western values in China. But just as much as the Chinese can become more Western, we could also become a little more Chinese in turn.

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Historical and Cultural-Philosophical Perspectives on the New Silk Road(s)

Jonathan Keir

“When we consider the dialogue between one civilisation and another, we must remember that it always involves individual people, living people engaged in a process of mutual learning. The problem as I have repeatedly framed it is one of ‘embodied knowledge’ – trusting one’s own experience as an epistemological foundation. As a simple example, consider friendship: when you first see someone, it is as if you are seeing her in a painting; you only know her outward form. Can you say you know her just because you recognise her face? You need to talk to her as well, more than once or twice. Moreover, if the person is unwilling to let you get to know her, what chance have you got? You might have all her data at your disposal, her CIA file or whatever, but you still can’t claim that you know her as a friend. For that, there needs to be a mutual willingness for conversational exchange; that’s the only way you can slowly build a relationship. If all you want to do is use her for some prearranged purpose, you can’t call that friendship. Dialogue among civilisations is hard work because a high bar of intimacy must be met.” (Weiming 2016: 117, own translation)

1. Introduction

The scope of the topic apportioned to me for this conference – ‘Historical and Cultural-Philosophical Perspectives on the New Silk Road(s)’ – is so broad as to be absurd; one feels crushed under the sheer weight of responsibility – to the past, to the present, to the future – before one has

even started. Above all, if one wants to be remotely constructive in a climate of broad and deep mistrust between China and Europe, one needs to parade one's critical credentials in *both* directions: kowtowing platitudes about China won't do, but nor will ignorant and arrogant broadsides against it; the suspicion of an agenda – whether 'pro-China' or 'anti-China', 'pro-European' or 'anti-European' – must be overcome. The only way to build trust with potential readers in Baden-Württemberg *and* Beijing, alas, will be to say a few things that are *haram* among both audiences. But we can start with the uncontroversial: there is scarcely a larger or more urgent geopolitical issue in the world, for any young person wherever they is, than China's rise to superpower status. The "New Silk Road", at least as I will understand it here, is a synonym or euphemism for this emerging superpower's foreign policy.

The benign metaphor of the 'Silk Road', however – and here we march, bravely or foolishly as it may be, into thicker terrain – ought not to fool anyone versed in the history of colonialism: empires always claim to be either bringing "civilisation" or offering an opportunity for "exchange among peoples". It is surprising how little has been made, either in China itself or in the world beyond, of the parallels between the Xi government's embrace of the language of "Dialogue Among Civilisations"¹ and the French imperial "mission civilisatrice", British imperial "wars for civilisation", Nazi German "Zivilisation" rhetoric and other charming manifestations of belle époque Western colonial arrogance. On the one hand it is very encouraging that Xi is capable of saying in an official speech that "art and literary works are the best way for different nations and peoples to understand and communicate with each other"; the image of a young Xi "over 40 years ago, a teenager fascinated by Faust, a masterpiece in Western literature written by Johann Wolfgang von Goethe, [walking] over a dozen kilometers of bumpy and dusty country road [in Shaanxi Province] only to borrow the book from his fellow student" is undeniably powerful, and hopefully true (Huang et al. 2019). But one must not remain blind, silent or uncritical in the face of his government's still-not-completely-un-Maoist instrumentalisation of culture for materialist and nationalist purposes. And if nothing else, hopefully throat-clearing displays like this at the outset will ease omnipresent and some-

¹ See for example Xi Jinping's Speech at the Opening Ceremony of the Conference on Dialogue of Asian Civilizations in Beijing in May 2019.

times justified European fears that a talking head like me might be a “useful idiot” on Beijing’s soft-power dollar.

For all the liberalisation of the Reform and Opening Up period, China remains a nominally Communist country; in practice this means that not only Mao, but also Lenin, Stalin and their ruthless ilk retain enduring ideological influence – much of it now partially unconscious – over Chinese modes of communication and thought. The first of China’s twelve Core Socialist Values – the one that effectively subsumes all the others – is *fuqiang*, charitably translated as “affluence and strength”, but equally well rendered in Leninist terms as “raw material power”. The “New Silk Road”, then, can be understood as a means to this end for China; the rhetoric suggests that the Xi government believes this to be a happy, non-zero-sum – and hence post-Leninist² – game, and that China will increase its own “wealth and power” precisely by enriching and empowering its “Silk Road” neighbours. But the question then becomes: what will 21st-century China do in those cases where it might have to sacrifice some of its own *fuqiang* for the sake of more humanistic or altruistic objectives? The murderous collectivist thinking which has been so utterly discredited in Europe since the fall of the Berlin Wall, and which is traceable in 20th Century world history to Lenin – namely, the idea that any amount of blood is justified in the name of the revolution, or that the dictatorship of the proletariat is worth as many broken eggs or gulags as it takes in a universe of raw power – has been largely overcome in China; it would be absurd to claim that the Chinese Communist Party of 2020 is as inhumane as the Chinese Communist Party of 1970, or that it has not done large amounts of good for hundreds of millions of its own people in the last 50 years³. But we all know what didn’t happen in China in June 1989; anyone who felt the nationalist spirit of “70th anniversary” celebrations on the streets of Beijing first-hand in 2019 would be cautious about predicting the possible future manifestations of these not-completely-unracist energies, or about discounting the eventual overboil into violence of a culture in which non-Chinese people – *waiyuoren* – are (politely for the most part, but) systematically and definitively “othered”. In the Leni-

² For a contemporary take on the enduring influence of “non-zero-sum” Leninist thought – above all in Western leftist circles – see Morson (2019).

³ For a still useful overview of this transformation – encapsulated in the figure of Deng Xiaoping – See Georg Blume (2004).

nist universe, either you hold the knife or I do; there is no doubt that, for at least the last century (less so recently perhaps, but still), Chinese state education and media have given constant reminders to the Chinese population – both explicit and subliminal – about the paramouncy of raw national power in a hostile world⁴. This is clearly a very different model of international citizenship and bridge-building than the Erasmus one which, for all its faults, has predominated in Europe since perestroika, and with which most Europeans under 50 have come of age.

My goal here, however, is not really to tell anyone what to think about this complex and rapidly evolving Chinese juggernaut; it is rather to offer some ideas about how they might like to think about it. To talk seriously with or about any country, you have to know your history, and in the case of China, there is an awful lot of history to know. I won't bait the readers by asking how much they know about the Song Dynasty, Mencius, The Dream of the Red Chamber, or the Taiping Rebellion, but I will assume that, for most non-Chinese, the answer is "absolutely nothing". Like the ramblings of Western journalists in Moscow who don't know where the Kremlin is, opinions on China are not worth listening to unless the person

⁴ This sweeping generalisation precedes the Communist Revolution of 1949, as Henrietta Harrison's *The Making of the Republican Citizen: Political Ceremonies and Symbols in China, 1911-1929*, (Clarendon Press 2000) explores. The Meiji Restoration of 1868 offered an example to Japan's neighbours of a 'Western science and local essence' development model, a pact with the devil to apply his knowledge in order to compete with (and eventually outcompete) him without – in theory at least – being spiritually corrupted by his values. Zhang Zhidong's 1898 *zhong-tixiyong* slogan (uncharitably translatable as 'using the [industrial technology of the barbarian] West to strengthen the Sinic body without tainting it') took this Meiji principle and applied it to China; for all the twists and turns it has taken since 1949 (or 1978 or 2012), this cultural chauvinism has remained a more or less continuous driving force behind Chinese educational and economic policy, as witnessed, for example, in the enduring influence of the thought of Zhang Dainian ('the Chinese nation is the main body of building a new socialist Chinese culture; socialism is the guiding principle of China's new culture; science and technology are all serving the main body of this nation, and they all serve socialism') and Fang Keli's *mahun-zhongtixiyong* ('Marxist spirit, Chinese body, exploiting the West'). The development of modern Chinese nationalism in its various socialist guises is well traced by William A. Callahan in *China: The Pessoptimist Nation* (OUP 2009) and Peter Gries in *China's New Nationalism: Pride, Politics, and Diplomacy* (University of California Press 2004).

in question can say at least something interesting and true about each of the cultural phenomena just mentioned: to repeat, the Song Dynasty, Mencius, *The Dream of the Red Chamber* and the Taiping Rebellion. Why should the average Chinese citizen regard the moral posturing of any non-Chinese person toward their country with anything other than disdain if the non-Chinese individual in question is so palpably ignorant of the entire history of their civilisation as to fail to recognise these giant milestones? The fact that 70 (or 170) years of official rhetoric help to nudge one in this xenophobic direction is beside the point; the first question that any non-Chinese reader should be asking themselves is about the education they has received in their own country: why have I never heard of these things? And what can I do to rectify my own ignorance?

One of the oldest and most interesting distinctions in the tradition of Chinese humanistic wisdom which we call “Confucian” (but which Chinese themselves refer to simply as “the family of scholars” because it is in fact older than Confucius himself), is the distinction between “learning for the self” and “learning for others”⁵. The virtuous (or at least virtue-signalling) response to this “For whom do I learn?” question would seem to be: “I learn in order to be of use to my community, my whanau, my tribe”. But the central Confucian insight – Axial par excellence – is that one has both the responsibility and the pleasure of existing as an autonomous individual as well: there is nothing unduly “selfish” about moral and aesthetic self-cultivation, or about the right to what, in contemporary Confucian parlance, is sometimes called a “dialogical relationship with Heaven” (on this point, see for example Weiming 2012). One can understand the history of Islam – and here we return to our “Silk Road” theme – as an analogous and parallel development in the history of human “civilisation”: emerging out of the glorious sparks and rich ferment of pre-Islamic poetry, Islam represented a powerful smelling salt which cut through the tribal loyalties of the Arabian Desert – a harsh landscape in which the lone human being was dead – and liberated individuals from conformist pressures through an enchanting call to individual conscience

⁵ Tu Weiming’s ‘Confucian humanism’ revolves around this important distinction. For a recent statement of the primacy of ‘learning for the self’ in the Confucian tradition, see Tu Weiming’s independently published *Spiritual Humanism: Self, Community, Earth, Heaven*, a collection of translations of his Wang Yangming Lecture at the 2018 World Congress of Philosophy in Beijing.

and responsibility: every human being was henceforth invited to consider their relationship with the cosmos in general and Allah – the transcendental embodiment of this universal order – in particular⁶.

Samuel Huntington’s “clash of civilisations” thesis is often misunderstood as a description rather than a warning: Huntington’s worst nightmare was that “Islamic” and “Confucian” civilisations might, in the 21st Century, form a dark totalitarian front against the light of Western liberal individualism (Weiming 2014b). On one level, Huntington needn’t have worried; there are ample resources in both the Islamic and Confucian traditions which are not only compatible with liberal values broadly understood, but which might actually strengthen them (the names Wang Daiyu and Liu Zhi, for instance, might be cited here as evidence of a centuries-long spiritual dialogue between Islamic and Confucian civilisations from which Western liberals could draw inspiration and nourishment (Weiming 2014b). Nevertheless, it is not unreasonable of us to ask whether the goal of a “New Silk Road” Chinese foreign policy might not, in fact, be to exclude precisely those Western interests and forces which have wrought so much colonial and semi-colonial havoc in the Islamic and Confucian cultural spheres in the last two centuries, and to organise the world under a new aegis which is as much anti-Western as avowedly pro-Chinese. Beyond the immediate and obvious “Silk Road” investments in post-Soviet, Islamic Central Asia, the real frontline of this global ideological struggle is probably now Africa; we will have to wait and see to what extent the outcome of massive Chinese investment there ends up being a post-colonial or a neo-colonial one for Africa, but crucially, it will be Africans themselves, not Europeans or Chinese, who will get to

⁶ Navid Kermani’s *Zwischen Koran und Kafka: West-östliche Erkundungen* (C.H. Beck 2016) offers a useful introduction to this terrain for readers of German. An English translation – *Between Quran and Kafka: West-Eastern Affinities* (Polity 2016) – is also available. I have tackled related themes in global humanism from multiple perspectives – Confucian and Islamic among them – in my two most recent books, *From Global Ethic to World Ethos?* (2018) and *Peking Eulogy* (2020). The respective open-source texts are available here (https://www.karl-schlecht.de/fileadmin/daten/Download/Buecher/Keir/From_Global_Ethic_Gesamt_PDF_Keir.pdf) and here (https://www.karl-schlecht.de/fileadmin/daten/Download/FD/FD210119_Peking_Eulogy.pdf).

decide this particular question, just as it is always the workers, not the boss, who are the measure of the boss's humanity⁷.

What I am above all driving at in these meandering dialectics is the following: it is extremely, almost impossibly hard, in the current moment, to build intercivilisational trust. If I politely avoid the word "Xinjiang" – the geostrategic and geopolitical heart of any "New Silk Road" – or try to downplay the horror of what is going on there, then I am accused of obvious and cynical pro-Chinese bias by bien pensant Western liberals. If, on the other hand, I fail to acknowledge the utterly mainstream and less than de facto implausible Chinese narrative which holds that Western powers have loved nothing more, for centuries, than to pick away at China's periphery – Xinjiang, Hong Kong, Taiwan – in the name of weakening China, then I am so hopelessly mired in Western ignorance and arrogance as to be unbearable to most of China's 1.3 billion-strong population. If there is a "New Cold War" as well as a "New Silk Road", then everyone currently alive is involved, and called upon to take a position in this ideological standoff⁸. Before we are all pushed into a hot war, however, let us see if there is any wisdom – perhaps even the wisdom of a single person – which might avert such a looming disaster.

⁷ Any number of books and articles could be cited here as interesting takes on the complex theme of "21st Century Chinese investment in Africa", though many suffer from the very problem of implicit bias – in one direction or the other – that we are discussing. For an African exception to this global rule, see Moore (2019).

⁸ Patrick Cockburn is one prominent Western journalist to have laid out the terms of honest engagement: 'As we enter a second Cold War against China and Russia, there are lessons to be learned from the first, since much the same propaganda mechanisms are once again hard at work. Western governments and media unrelentingly criticise China for the persecution of Uighur Muslims in Xinjiang province, but there is scarcely a mention of the repression of Kashmiri Muslims in Indian-controlled Kashmir. Diplomatic and media outrage is expressed when Russia and the Syrian government bomb civilians in Idlib in Syria, but the bombing of civilians during the Western-backed, Saudi-led air campaign in Yemen, remains at the bottom of the news agenda. Governmental and journalistic propagandists – for journalists who take this selective approach to oppression are no better than propagandists – can see that they are open to the charge of hypocrisy. [...] It would be naive to imagine that governments will not go on maligning their enemies and giving themselves a free pass unless propelled to do better by public opinion. And this will only happen by going beyond selective reporting of human rights abuses and demonising all opponents of their national governments as pariahs' (Cockburn 2021).

2. *Grasping the Confucian Ideal*

Tu Weiming, the Confucian philosopher whose quote I have translated as an epigraph here, is one of many who have tried to make sense of the mad triangle of historical and cultural-philosophical forces which have shaped, and will continue to shape, 21st Century China, and by extension all of us. Two of the three points on this triangle – Marxism and capitalism – are Western -isms that China has imported and adapted for its own purposes, with interesting results that historians of Marxism and capitalism everywhere can study. But it is the third point on the triangle which may end up being the most important: namely, the legacy of Chinese traditional culture which we might, for the sake of extreme brevity, call “Confucian”. It is an open question to what extent the half-century of sustained Confucius-bashing from 4th May 1919 until Mao’s death in 1976 permanently killed off the roots of a traditional culture already much maligned a century ago; the sincerity of the Party’s cautious re-embrace of Confucian symbolism in the post-Mao decades is unclear at best. At the very least, however, China has begun in the last 40 years to reconsider its long-standing position of hostility towards its own immense humanistic heritage, gradually easing up on the self-loathing required for the wholesale abandonment of humanistic creativity implied in Deng Xiaoping’s famous call to material advancement above all else (“no matter if it is a white cat or a black cat; as long as it can catch mice, it is a good cat”).

Tu, meanwhile, gave up his cosy position at Harvard as emeritus spokesperson for Confucianism in the West and moved to Beijing a decade ago, at the behest of Peking University and the Chinese Communist Party, with the goal of re-establishing a tradition of Confucian learning, and hence intellectual critique of state power, in the country. The jury is still out on this project (critics say that it is impossible or cosmetic), but the success of the venture – namely, to prevent 21st Century “Confucianism” from becoming a mere synonym for dull and uninviting Chinese nationalist propaganda, and to allow it to blossom instead into something more personal, international and interesting – depends on people both inside and outside the Chinese cultural orbit. Confucianism – the central Mencian current at least – views all individual human beings as identically good in nature, and hence equal in dignity, wherever and whoever they are. It is fundamentally our environment, on this Mencian account, which encourages us to do bad things; our humanistic freedom for moral self-

cultivation (or “free will” for short) allows us to triumph over any supposed environmental determinism. Such optimistic spirituality – not unique to Confucianism of course (Tu calls this global ethos “Spiritual Humanism”) – is a potential corrective to the “instrumental” excesses of the so-called “Enlightenment mentality” of the modern industrial world – the materialism and greed, exploitation of people and degradation of planet – with which we are all familiar, nowhere more so than in contemporary China itself (Weiming 2010).

It is of course up to each of us individually to decide the tone of our relationship with the reality of economic and political power. Unfortunately, *not* being a useful idiot (Stalin’s definition, lest we forget, of Western supporters of the Soviet Union) is a lot harder than it sounds; it means recognising and calling out self-serving rhetoric both at home and abroad, and winning the trust of people both at home and abroad – “*hatta fi al-Sin*”, or “even in China” as the Islamic *hadith* puts it – that this is really what you are doing. Such balancing on a tightrope is only possible if you take a genuine interest in all sides and learn as much history as you can. It is easy both to love and to hate the powerful, usually at the same time; it is critical *distance* from power which requires a constant effort of creative self-cultivation. The “arch remonstrator” of Chinese history – Confucius himself – spent his life on a truth-to-power spiritual journey which ended only in death: the “burden” of a humane existence, as he reminds us in the *Analects*, is heavy, and the Way is long. This must-read text begins with the following words: “Isn’t it a pleasure to study and practice what one has learned? Isn’t it also great when friends visit from distant places? If people do not recognise me and it doesn’t bother me, am I not a noble person?” We risk returning to a pre-Axial age where the unrecognised individual – the one devoid of LinkedIn and Instagram and WeChat contacts, and hence devoid of “influence” – is as dead as a lone Arab in the pre-Islamic desert, but that should not prevent us from savouring, if only for a moment, the universality and permanence of the Confucian ideal. The intrinsic power of this ideal has very little to do with how well China happens to be doing economically, even if interest in China has, predictably enough, been sparked by her economic success, and even if Confucianism, as we explore further below, is no poverty cult.

3. *Europe and 'Confucian Entrepreneurship'*

“Throughout Confucian history, scholars have affirmed the integrity of the individual, first and foremost the freedom of the individual to oppose political oppression. “Not even the humblest can have their will taken from them”, as Confucius himself puts it in the Analects. At a deeper level, however, Confucians have stressed freedom vis-a-vis wealth, status and other extrinsic temptations. Mencius insisted that individual free will can be defined as the ability not to be corrupted either by “money and attention”, “power”, or “poverty”. These are three distinct and serious “tests”, and Mencius heaps praise on those exemplars who overcome them. Individual dignity in Confucianism is always measured as a degree of independence from these external factors. There is, moreover, a stark contrast between Confucian “free will” and what we might call the “Wall Street” credo of solipsistic, Gordon Gekko-style individualism. Confucian free will is not freedom from moral constraint or social impulses, but rather the freedom to achieve an integrated relationship with a moral order beyond oneself; while it may seem that Confucianism advocates a kind of dissolution of the individual in ritual, social practices are in fact vital for the education of free personalities. The individual autonomy required for Confucian self-cultivation does not imply separation from the social order. An alienated loner will never be able to achieve a truly independent personality. [...] On the one hand, Confucianism stresses the importance of self-cultivation and individual effort, but it does so without downplaying the facilitating influence of the wider social order on individual moral will. [...] Human existence on this account is social in its very fabric; individual moral self-realisation can only occur at this level. The main current of Chinese culture does not place excessive emphasis on individual rights and private interests because it is the synthesis or realisation of the free individual within the social fabric which matters, not the individual as an alienated or amputated abstraction.”⁹

⁹ This is another liberal rendition of mine from a Chinese article submitted for publication by Prof. Chen Lai to Peking University’s Institute for Advanced Humanistic Studies in late 2020, and which I was invited by my former employer to translate. While it would be dishonest of me to claim authorship, it would also be unfair to pin Prof. Chen to my formulation here; at the very least, contact with his revised draft was the inspiration for it. If I have taken the unusual liberty of reproducing such a passage here, I have done so because I think it offers a wonderfully concise summary of contemporary Confucian humanism for a Western audience.

Eurocentric models of “transcultural management” are a contradiction in terms; any attempt to build bridges of this sort requires a dialogical disposition. The old chestnut that we are faced with a clash of “individualist” and “collectivist” cultures between East and West is a self-evident absurdity; a common humanistic ethos transcends such racist abstractions (Chibber 2020). It is the task of 21st Century intellectuals everywhere to define and embody this humanism.

What then are we to make of editorials in major European newspapers which, in 2021, offer headlines like “La Chine exulte de joie, toute à la contemplation narcissique de sa puissance retrouvée” (‘China Jumps For Joy In Narcissistic Contemplation of its Recovered Power’)? (Frachon 2021, own translation). The author, Alain Frachon of *Le Monde*, watches on in horror as China swaggers through its historic bilateral “Alaska Talks” with the United States, refusing to accept moral lessons from foreign powers on the conduct of its “internal affairs”:

“How does one say ‘hubris’ in Chinese? An epidemic of self-satisfaction is wreaking havoc among China’s ruling élites. Oblivious to the benefits of self-criticism, [...] Chinese officials believe they are winning the race to global dominance, and this belief informs their behaviour at home and abroad.

You have no moral lessons to teach us: we meet and talk as equals, for your system of government is no longer the envy of the world. [...] The same assumption of superpower status informs the sanctions Beijing has placed on individual European parliamentarians and commentators. [...] To assure its supremacy, China is counting on the power of its economy and technological creativity – the keys to 21st-century hegemony. It does not intend to compete with the United States in terms of military alliances or defence spending, but according to Joe Biden’s advisers, Beijing is busy developing a ‘diplomacy of dependence’ by creating conditions which place its trading partners under economic or technological tutelage. [...] Creating such dependence on the Chinese economy and Chinese technology is seen as the path to expanding Chinese global leadership. Beyond a certain point, a country caught in such ties with China will be unable to tolerate the consequences of political disagreement with it. Australia, for example, is already paying dearly, via export sanctions, for having dared to insist on an independent inquiry into the origins of COVID-19.” (Frachon 2021, own translation)

The realisation that there is less and less that Western powers can do to influence the political situation in Hong Kong, Xinjiang or Taiwan may be a bitter one for Western governments and peoples with generations of inbuilt interventionist impulses (often unconscious and occasionally even justified), but no amount of hand-wringing or toy-throwing will change the facts: the only relevant questions are how one deals with this emerging reality of Chinese dominance and why. China does not feel that it has to accept moral lessons from powers it has spent 70 years, or even 170 years, telling itself are fundamentally hostile to it: it is now able to say more and more openly what it has felt and thought for decades. We urgently need to acquaint ourselves with these narratives whether we like them or not.

A useful gateway to what we might call this “Chinese default setting” in its “confrontation” with the West in general and the United States in particular is in fact provided by one of the intellectual godfathers of the Black Lives Matter movement:

“The world looks rather different if you see the central event of the past 100 years not as the contest between Western liberalism and its antonyms, but rather, as Pankaj Mishra does, the tumultuous process of decolonization, which reshaped the lives of most people on the planet. [...] The institutions that put nineteenth-century Western powers in a position to rule over vast swaths of the earth – nationalism, centralized bureaucracies, efficient armies, and the capacity to mobilize vast resources – had little to do with the rights of the individual. In the eyes of many non-Westerners, Mishra writes, “liberalism seemed attractive largely because it promised to advance the urgent project of state-led modernization” – a modernization that would better protect them from the threat of ostensibly liberal empires. The early-twentieth-century Chinese thinker Yan Fu claimed that the genius of the West lay in its ability to channel “individual energy into national strength.” Imperial expansion throughout this period (including that by the Japanese) enacted this very tension, with strong states merrily quashing individuals in the service of colonial fantasy. [...] Europeans and North Americans are learning more about this gruesome past, but the history of the West’s dealings with the rest remains largely submerged in a gray zone, allowed little of the harsh light cast on the traditional villains of the modern era (Hitler, Stalin, Mao, and so on). Western colonial abuses are still treated as a footnote, a sideshow to the main action of the twentieth century: the confrontation between liberalism and authoritarianism that emerged

through the world wars and the Cold War. And they must be treated in this way for the rest of the narrative to cohere and for the binary between liberty and tyranny to take shape. [...] Mishra insists that liberalism cannot so easily shed this baggage.” (Tharoor 2021)

In an interview titled “The Liberal Establishment Is ‘A Stranger To Self-Examination’”, Mishra turns Frachon’s accusation of “hubris” against *Western élites*:

“We are looking not so much at independent thinkers as an intellectual service class – Tony Judt’s phrase in his late anti-establishment phase. [...] In order for the service class to remain suitably employed, it has to keep faith with the overall geopolitical posture – the US or the Pentagon and State Department as protector of the international liberal order. It is not possible to discard this without courting self-extinction. Accordingly, when faced with demands for substantive justice, these intellectuals can only retreat into Cold War reflexes – shout loudly about the threat to democracy from neo-fascists and authoritarians and dismiss challenges to their power from below as practitioners of identity politics.

[...] Where we go from here depends on how we conceive of the past and future. As I see it, the task has barely begun. To those who say that I don’t offer any constructive solution – and the charge is usually made in bad faith by members of the service class who have always disliked but can no longer dismiss my critiques – I want to ask if we have done enough criticism, the starting point of any new creation and the primary task of a writer, as distinct from an activist. Is it an exaggeration to say that we have been living in an incredibly provincial and complacent intellectual culture, originating in the Cold War, whose main assumptions we haven’t fully interrogated, let alone overthrown? Octavio Paz once wrote that ‘the characteristic feature of modernity is criticism.’ This might seem very vague, but it is actually a precise definition. The venture of being modern required the forsaking of old habits of ancestral worship and the end of reflexive deference to figures of authority.

[...] I still haven’t lost the conviction [...] that Marx was concerned above all with securing spiritual freedom. The doctrinaire aspects of the later Marx can be tedious. What remains perpetually fresh and regenerative in his work is its double inheritance of Christianity and Romanticism, which allows us to acknowledge new realities, such as widespread environmental degradation, and to break out of economic frameworks that emphasize redistribution without really trying to overthrow oppressive modes of labor. What I [find] very attractive [is] a reinterpretation of Marxism for a secular age and secularized audience

without losing Marx's vision of a broader spiritual liberation from modern forms of coercion." (Mishra 2020)

The straightforward fears of Western observers of China's rise might be described as follows: a new Chinese nationalism, far from realising Marx's desire to "break the chain and cull the living flower" of a new global spirituality, will marginalise Western interests and values, reducing individual Westerners to second-class citizens of a pitiless Sinocentric world order embodied in its "New Silk Road" agenda. Scottish comedian Frankie Boyle (2014) has told the joke which perhaps best distills this fear: "In the 21st Century, finally, black people and white people will hold hands and live together in peace, side by side, in Chinese concentration camps" (2014: Season 5, Episode 9). Mishra's dream of "spiritual liberation from modern forms of coercion" obviously does not want to replace American with Chinese or any other hegemony; the Chinese government itself, meanwhile, has embraced a rhetoric of "Dialogue Among Civilisations" with the precise stated goal of overcoming "imperialist" (i.e., "Western") modes of global governance (Chinese public intellectual Zhao Tingyang has achieved prominence at home and abroad, for example, with his revival of the ancient *Tianxia* ideal of "All Under Heaven" as an alternative to the "failed world" of post-Westphalian international rivalry) (on this point, see, for example, Tingyang 2012). It is no secret to say that Western observers by and large fail to take these claims of Chinese humane benevolence seriously, and regard Chinese attempts at soft-power cultural diplomacy as almost universally cringeworthy and hamfisted; if internal opposition to the government's agenda were allowed to flow through a free press and independent academic institutions, then perhaps claims of benign Chinese intentions with the country's "New Silk Road" foreign policy and general *Wenming Duihua* platform would be more credible. China, meanwhile, has spent 70 (or 170 if you prefer) years "defending" itself from "imperialist" encroachment; "reluctantly" enacted restrictions on individual freedom are routinely and reflexively justified, Cuban-style, in terms of the enormity of the external threat.

How on Earth does one overcome this dialogical impasse? It requires both sides to practise the very "self-criticism" they accuse the other of failing to exercise, on the one hand, and to refrain from pathologisation of their dialogue partners on the other. As Tu Weiming reminds us:

“Suppose you take the view that truth is on your side, and that you represent the voice of truth: you have a responsibility to make me accept your view of things. If you bring this kind of attitude, then there is no way to resolve disputes and conflicts. [...] Certain turns of phrase [therefore] make me uncomfortable. Since the 1980s, for example, there have been rumblings about a Pacific Century, an Asian Century, a Chinese Century. Ideas like these are extremely unhealthy. Why? Because they fail to overcome all the old [colonial] dichotomies; instead of transcending them, the roles have simply been reversed. The logic of domination remains; either you win, or I win. You’ve been in the ascendancy for 500 years; now it’s my turn. Others held the knife over us before; now we get to hold it.

My view is that human civilisation as a whole, including what is left of the Abrahamic civilisations, must face together and reflect critically on the ideological legacy of the Enlightenment. [...] We might say the same thing about Confucianism: the culture of the Chinese people was once glorious, but after more than a century of Western dominance, it is now riddled with weakness. And so it is said that Chinese people harbour feelings of hatred towards the West; these feelings of envy and enmity in the face of a [nonetheless radiant] Western civilisation lead to a love-hate syndrome. I am always wary when the language of abnormal psychology gets introduced into discussions like this.” (Weiming 2014b, own translation)

Accusations of Chinese “narcissism” or Western “sadism”, therefore, are beyond a certain point counterproductive: what is required is a common dialogical horizon which can only be formed through an active willingness on both sides to understand the fears and background assumptions – *right or wrong* – of both self and other.

Whether or not one can expect such utopian magnanimity from intellectuals and politicians, it is clear that business leaders – striving daily to get the most out of their workforces, supply-chain networks and customer service branches – are at the coalface of these fantastically complex transcultural challenges. Chinese and non-Chinese participants in the “New Silk Road” initiative at all levels have an interest in promoting such sensitive and humanistic leadership among the executives of increasingly influential Chinese firms as well as all non-Chinese firms that remain competitive once China has assumed its inevitable mantle as the world’s leading economic power. Within China itself, this conversation has in recent years unfolded under the aegis of *Rushang* (“Confucian

entrepreneurship”) discourse; once again, Tu Weiming has been at the forefront of these discussions, and it is worth translating him at length here:

In contemporary language, an entrepreneur is “Confucian” if she maintains an interest in politics, engages in [civil] society, and keeps her finger on the pulse of culture. This is the intellectual cream of the business world, a species of public intellectual which is both self-aware and, as a result, acutely aware of wider responsibilities to the common weal.

In their business activities, the Confucian entrepreneur is not self-seeking; the old Confucian *jianlisiyi* adage – “reflecting on justice wherever one sees profit” – is the guiding star of her conduct. [...] It is a grave error to think that justice and profit are always opposed. What is justice but the harmonisation of interests? The ultimate imperative of justice is big profit, not small profit – the profit of the many, not just the one fat cat. But the goal of this profit is not profit itself, so much as the opportunities for moral advancement that profit provides.

[...] In the Chinese tradition, the true qualification for “intellectualhood” is the quality of one’s spirit of service to the people as a whole, one’s feelings for the entire state of the world under Heaven beyond mere selfish engagement in the rat race of the day. [...] An intellectual emerging from the contemporary world of business will naturally retain a critical spirit, not just in matters of formal politics but towards the society and culture as a whole in which they operate. [...] Much of the dialogue between Zi Gong and Confucius concerns questions of ultimate meaning and the relationship between humanity and Heaven. Zi Gong’s business career, meanwhile, was full of risk, vision and success. Confucianism owes much of its later expansion to his largesse; in a sense he was the most loyal disciple of all, [because] he created a lot of the material conditions which allowed Confucianism to flourish. He was certainly the most entrepreneurial of all the disciples, engaging in a wide range of activities and developing a number of industries.

[...] Unromantic considerations – influence, image, reputation – have always played a conspicuous part in much so-called philanthropy, but once you have been successful, you have to find a meaning beyond your own success; otherwise you risk losing yourself entirely. But those who seek meaning do not by any means always achieve material success; [Confucian disciple] Yan Hui, for example, lived in misery. Still, such people find intrinsic joy in what they are trying to do. And to the extent that they are authentic in this quest for meaning, it proves contagious.

[...] The so-called homo economicus, [by contrast], is a kind of rationalistic animal; they know their own interests and pursue them, in a relatively free market, within the limits imposed by the law. They adhere to certain ideas of freedom, rationality, rights, and the rule of law, and respect the dignity of the individual to some extent as well. This is much better than someone who actively harms others, or self-harms, but it falls a long way short of our ideal. The business community can take the lead on transforming this [cultural poverty] by the power of its own example: beyond freedom, there are ideas of justice, equality and the public good which can be meaningfully embodied; beyond rationality, there is sympathy and mercy; beyond the rule of law, there is a spirit of deference and courtesy; beyond power, there is responsibility. [...] A great entrepreneur will not be content with the day-to-day management of their own company.

[...] We are a learning civilisation, so our entrepreneurs can learn from Japan and Korea as well as the West. We are also fairly open-minded; we don't tend towards narrow fundamentalism in spiritual matters. [...] And we are a dialogical civilisation; we love talking. [...] The old Tianxia idea of the myriad things forming one body under Heaven means everything is on our radar.

[...] The next phase of Confucianism's development will be marked, hopefully, by the emergence of Confucian entrepreneurs. Academic research may be specialised and deep, but its influence is limited. Confucian ideas may have a sizable influence in politics, but the risk of 'politicisation' by less savoury ideologies is omnipresent. The business world is where [real Confucian values] are most likely to make themselves felt." (Weiming 2015)

Precisely in order to guard against nascent Chinese "hegemony", European observers and "partners" in the "New Silk Road" initiative would do well to identify those aspects of "Chinese" civilisation with which they *can* happily coexist, and measure actual Chinese behaviour against *those* standards, instead of assuming the worst of their Chinese counterparts and deciding that they have nothing whatsoever to learn from them. This is not a call to abandon critique of the new overlords on the block; on the contrary, it is an attempt to strengthen the culture of critique of self and others in which all humanism, and by extension all "humanistic management", consists.

4. *Concluding Remarks*

Most Westerners – the author included – are still busy learning the most basic things *about* China and struggling to overcome their two-dimensional prejudices; it is a lot to ask that such outsiders might make the *Gestalt* shift from “learning about” to “learning from” or even, one fine day, “learning *with*” this civilisation. The history of the “New Silk Road(s)” remains to be written, not just by neo-imperial scribes in Beijing, but together by all of us. There will in any case be plenty of action along the Old Silk Road(s) between now and 2050 as China marches towards its implicit (and more or less openly stated) goal of becoming “Number One in absolutely everything”. The idea, however, that informed critique of contemporary Chinese government policy is synonymous with the bashing of China as a civilisation must be actively resisted and countered by informed engagement with this civilisation on its own terms. This implies a willingness, not to *become* Chinese or to forgo our own identities, but to integrate the “best that has been thought and said” in China into our own evolving and dynamic sense of ourselves. This applies as much to our concepts of management and leadership as to other domains of human endeavour.

China is enjoying an economic renaissance which, for all the talk about the East Asian “Confucian Economic Sphere”, has little or nothing directly to do with the “Confucianism” described above (though many cynical Chinese profiteers are currently seeking to co-opt the fashionable label “Confucian entrepreneur” for themselves) (Niedenführ 2018). That the best Chinese companies might have something unique and valuable to offer their foreign counterparts in the realm of leadership and management innovation, however, is an idea that should not automatically be dismissed as impossible just because we disagree with the country’s political system or its endemic and hierarchical “9-9-6” workaholism¹⁰. Matthias Niedenführ’s research can be cited here as an example of a sustained European attempt to engage with real Chinese firms on a

¹⁰ This is a reference to Alibaba founder Jack Ma’s famous dictum that employees should work from 9am to 9pm, Monday to Saturday. Senior managers at other leading Chinese firms have half-jokingly confided to me that “7-10-7” lifestyles are often the real norm.

human level beyond any public or private propaganda¹¹. Europe needs much more of this kind of difficult and sensitive work, precisely in order to overcome the implicit view of China as a monolithic totalitarian nightmare. Yes, contemporary China is a hardworking, ruthlessly competitive and frequently terrifying place, but so too is the contemporary United States. China as a human reality is almost three times the size of the European Union, so the idea that there are no positive examples from which to learn is a non-starter; it is a simple problem of access to knowledge. If we can rectify that, then we will go a long way towards bringing the changes to China that we ourselves might like to see, precisely because we will be able to point to something other than our own ignorance and arrogance in our ongoing discussions with our Chinese counterparts. What I hope to have offered here is a brief sketch of the enormous uncharted dialogical terrain which lies before us.

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¹¹ See Niedenführ's University of Tübingen research project portal 'Ethik im Geschäftsleben: Theorie und Praxis in China', <https://uni-tuebingen.de/de/81112> (retrieved April 12, 2021).

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Disenchanted and Re-enchanting the 16+1 Format

Patrycja Pendrakowska

1. Introduction

This article analyses the disenchantment and re-enchantment surrounding the narratives, myths and notions that emerged at the crossroads of the 16+1 format and the broader region of Central-East and Southeast Europe (CESEE) and the Belt and Road Initiative. The notions of disenchantment and re-enchantment are used to interpret and encapsulate the enduring myth of the 16+1 format being China's far-reaching agency and influence tool in the region. On the contrary, in the article, I argue that the 16+1 format serves predominantly as a platform for intensifying relations and building mutual dialogue, whereas most political and economic decisions are taken outside of the format at the bilateral levels. Thus, overestimating the importance and power of the 16+1 became a reason for misunderstandings surrounding the role that China plays in the region, especially in the eyes of the US and Western Europe. However, the 16+1 and the BRI have proven to have a strong symbolic impact on transatlantic partners, including the US and Western Europe, who perceive Chinese-led initiatives as a potential threat of external influence. The contradictory examples of Lithuania (who left the 17+1 format in 2021) and Serbia (which has well-established relations with Beijing) prove that the CESEE is a very diverse region and that the 16+1 format doesn't form a common thread in sustaining Sino-related relations in the area.

The first part introduces the 16+1 as a multifaceted and dynamically changing cooperation platform. The second part analyses the mechanism of disenchantment and re-enchantment narratives from the perspective of CESEE, China and the EU and presents and interprets the following myths about the 16+1 format and the BRI: the gateway to Europe and the

Trojan horse. The third part aims to rebalance the impacts of the 16+1 format and the regional engagement in the BRI concerning the tangible consequences on political, economic and socio-cultural levels.

For this article, the 16+1 format of cooperation is to be understood as a China-led initiative created in 2012 in Budapest with the aim to intensify cooperation between Beijing and the CESEE. As Vangeli (2018; 2020) summarised, the 16+1 format can be perceived as part of a mega-regional geo-economic notion of the Belt and Road project that was officially announced by Xi Jinping in Astana in 2013.

2. The 16+1 Format: Roots and Developments

Since 2012, countries participating in the 16+1 format (since 2019, renamed as 17+1 after the accession of Greece, and back to 16+1 after the exit of Lithuania from the format in 2021)¹ were engaged in intensifying their relations with China on political, social, cultural, and economic levels. In 2012, the very first 16+1 political summit was held in Warsaw, Poland. The Prime Minister of the People's Republic of China, Wen Jiabao, announced the format as a comprehensive initiative on cooperation with 16 Central and Eastern European countries (China-CEEC 2016). The first guiding document was titled "China's Twelve Measures for Promoting Friendly Cooperation with Central and Eastern European Countries" (Ministry of Foreign Relations of the People's Republic of China 2012).

The document announced the establishment of a secretariat for cooperation between China and CEE within China's Ministry of Foreign Affairs. The secretariat became responsible for communication, coordination of activities, preparation for leaders' meetings and business forums, as well as the implementation of policies. Principally, the sixteen countries also were to designate counterpart departments and coordinators who would be in contact with Beijing and coordinate meetings and activities. Additionally, the establishment of a US\$10 billion special credit line for the region was announced. The focus was placed on areas such as infrastructure, new technologies and a green economy. Moreover, China

¹ In the following paper the 16+1 is used when referring to past events related to the initiative – before the Dubrovnik summit in 2019. The 17+1 refers to conditions and events that happened after the Dubrovnik summit.

decided to support academic and research activities; the former was backed by a promise of providing 2 million yuan every year and the latter with 5,000 scholarships for the next five years. Special attention was given to Confucius Institutes and Confucius Classrooms programs in the 16 countries.

In recent years, the political summits were equally spread across Europe and China: they were held in Warsaw, Poland (2012); Bucharest, Romania (2013); Belgrade, Serbia (2014); Suzhou, China (2015); Riga, Latvia (2016); Budapest, Hungary (2017); Sofia, Bulgaria (2018) and Dubrovnik, Croatia (2019). In 2021 the most recent summit was held online.

It is worth highlighting that 16+1 was only one of the multiple levels of cooperation between CESEE and China. In the case of Poland, the most critical actions and decisions were taken at the bilateral level, i.e., efforts to open up the market for agricultural products (Polskie Radio 2016). Moreover, the voivodeships (a highest-level administrative division of Poland) and cities developed bilateral, regional contacts with their counterparts in China. One of the most famous relations of this kind was the cooperation between Łódź and Chengdu, which aimed to open a new railway connection between the two cities and finally succeeded in 2013. In the case of Poland, relations were also shaped on the EU-China level, as Poland follows Brussel directives and aligns its policies with the EU (and the US as part of NATO) (Instytut Boyma 2021). Finally, relations unfolded on the level of cooperation within the BRI and 16+1 and with minor results within the framework of the Visegrad Group.

Without a doubt, one of the most important advantages of this cooperation format was a vivid discussion among scholars, journalists, and politicians on China's economic and political transformations. These subjects were discussed intensively during the 16+1 think tank cooperation meetings coordinated by the Chinese Academy of Social Sciences. The main subjects were not only the 16+1 and Belt and Road Initiative but also the current state of the Chinese political system, economic, social, and cultural challenges, as well as China's policy towards ethnic minorities². The discussions within the seventeen countries were diverse: pessimistic,

² Based on authors' experiences from 17+1 high level think tank forums and symposiums in Riga (2015), Beijing (2017), Sofia (2018) and Macedonia (2018), which were organized by the Chinese Academy of Social Sciences, Institute of European Studies.

sceptical and optimistic voices from all sides intertwined, shaping a platform for the exchange of views. Moreover, the opportunities created by the economic development of the Middle Kingdom were discussed in many countries, including Poland; however, they were loosely related to the 16+1 format³.

3. *Disenchantment and Re-Enchantment Narratives*

The notion of disenchantment used for the purpose of this article doesn't have much in common with the term implemented and popularised by the sociologist Max Weber who, in the context of disenchantment, focuses on the phenomenon of the eradication of religiousness by the Enlightenment. For the purpose of this article, disenchantment is understood metaphorically as the breaking of a magic spell (Chua 2016) or as a connotation to review premises stemming from a variety of sources. As disenchantment, in the case of the narratives surrounding 16+1, I understand the missed expectations on the side of the CESEE and growing scepticism followed by asymmetries.

As political analysts, including Jan Gaspers (2018) highlighted, the Chinese economic promises have so far not been matched by action. In other words, the CESEE region on its own has been disenchanted with Chinese promises, with the lack of essential foreign direct investments and greenfield investments that are needed in the region. As Lubina points out when referring to Sino-Polish relations: 'the proclaimed Sino-Polish rapprochement in 2015-2016 and high hopes for OBOR/BRI initiative in Poland, cooperation with China has not been a breakthrough for Poland in terms of economic results' (Lubina 2017: 150).

The lack of tangible economic results of the 16+1 format has been often brought to the table by a number of CESEE politicians. A case in point was the comment by the President of the Czech Republic, Milos Zeman, in January 2020, when he threatened to boycott the next 17+1 summit, arguing that the Chinese side has not done what it promised (Hutt 2021).

In an analysis of the Australian Strategic Policy Institute (ASPI), John Varano (2020) highlights that the 17+1 initiative stalls amid security con-

³ This issue was widely commented in the books (e.g., Góralczyk 2018), reports (Jakóbowski et al. 2018).

cerns and broken promises. He gives three main arguments. First, economic promises were not delivered, as only a couple of projects were successfully executed, including the Pupin Bridge, the Kostolac power plant expansion in Serbia, and a major highway in Montenegro. Moreover, the Budapest-Belgrade high-speed railway has not yet been realised. Second, some of the CESEE countries are “re-evaluating [the] political consequences of interdependence with China” (Varano 2020). Third, the security risks emerging as a consequence of the China-US tensions that intensified the debate on potential threats from the side of China (also considering the possible China-Russia alliance and increasing cooperation).

Moreover, analysts like Grzegorz Stec argue that the credit-based offer from China, with strings attached, has not been attractive to member states because they benefit from access to EU instruments or can seek to acquire capital from a variety of other sources (2020). For example, in the case of Poland, the largest investors are Germany, the USA, France and the UK, which together hold 48% of foreign companies’ Polish assets (International Group of Chambers of Commerce 2020).

The turn towards Taiwan was not only Lithuania’s choice. In August 2020, Czech Senate speaker Milos Vystreil made a trip to Taiwan to promote business links with Taipei (Varano 2020). 2021 marks another turning point, as Lithuania decided to leave the 16+1 format and intensify relations with Taiwan.

3.1 Re-enchantments

With the notion of re-enchantments, I describe a tendency to overestimate the 16+1 format. For example, according to a variety of scholars, the 16+1 initiative served as a mechanism enabling China to obtain influence within the EU and as a tool dividing the EU’s unity. The 16+1 platform was also depicted as a Trojan horse deployed by China (Peel 2018; Butler 2018). Some experts believed that the 16+1 format of cooperation undermined European unity through the “divide and conquer” strategy (Gaspers 2018, Karaskova 2020).

On the flip side, this scepticism has been addressed by members of the 16+1 format on many occasions, e.g., by Latvia during the summit in Riga in 2016. The Republic of Latvia stated on the website of the Ministry of Foreign Affairs that the 16+1 format is an effective instrument for

cooperation with China, complementing both Latvia's bilateral dialogue with China and the joint EU-China dialogue within the Strategic Partnership (China CEEC 2016). The worries surrounding the influence and impact of the 16+1 format proved to be largely unfounded, as the region proved its independence and far-reaching non-conformism on many occasions when dealing with China

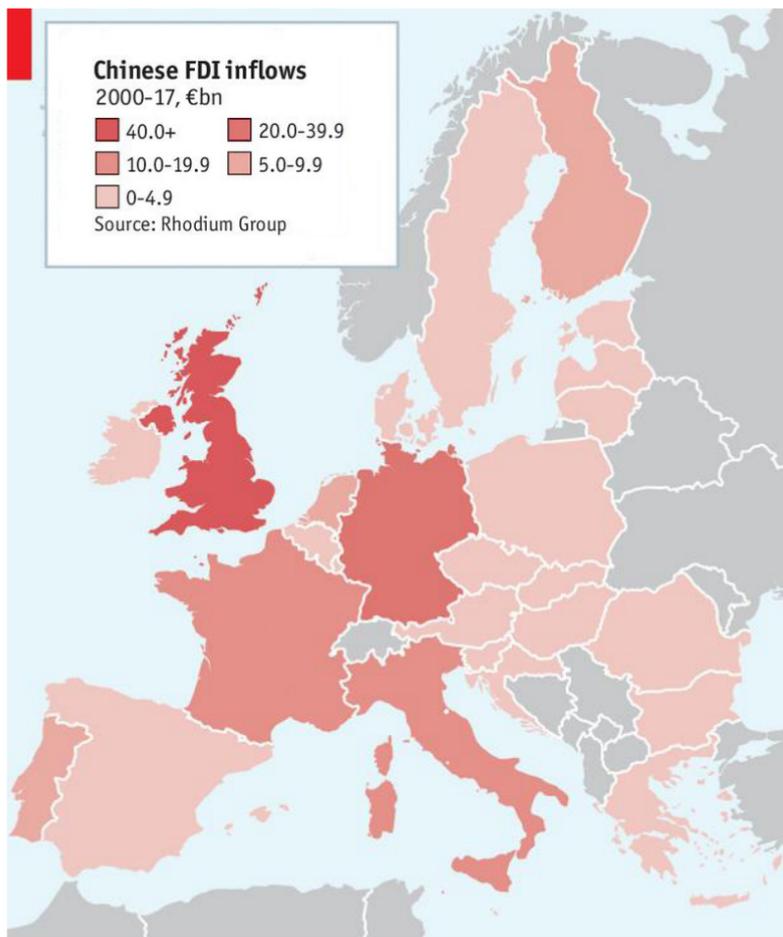
3.2 Myth No 1: The Gateway to Europe

Myths guided the multilateral expectations within the 16+1 format; one of them was the idea that CEE was the gateway to Europe. This myth was shared by China as well as by some of the 16+1 countries' analysts (Pendrakowska 2018). However, Western countries such as the UK, Germany and France have already had much more developed economic relations with China. As the graphic published by the Economist shows, the UK and Germany were the largest recipients of Chinese FDI, followed by France and Italy, and in the next cohort by, Finland and Portugal (The Economist 2018). Chinese FDI and companies were actively present in Western Europe before they started reaching the CESEE.

Moreover, many of the CEE countries decided to realise the expectation of the US as "Almost all of them have signed Memoranda of Understanding with the United States targeting Huawei's access to their 5G networks or joined Washington's Clean Network initiative – a kind of containment maneuver aimed at Huawei and other Chinese tech companies" (Brinza 2021).

3.3 Myth no 2: Trojan Horses

A metaphor for China's so-called Trojan horses is raised not only by Mrevlje (2019), but also by other authors, e.g., Turcsanyi (see 2014) or Butler (2018). Opinions on CEEC-China relations became already strongly divided at the very beginning of the platform's launch. Many politicians from Brussel perceived the 16+1 initiative as a form of distancing the region from the EU, as well as a strategy aiming at building a dividing alternative.

Figure 1: Chinese FDI Inflows

Source: The Economist (2018).

As Stec highlights in reference to the Trojan horse narrative: “... eight years on from the establishment of the 17+1 (then 16+1), this narrative does not hold ground. Not only that, the misconceptions around it undermine European unity by alienating 12 member states participating in the framework (11 CEE states and Greece) through labelling them as disruptive to EU-China relations” (Stec 2020).

The idea of dividing the EU is not only characteristic of 16+1 relations. In fact, it describes a set of bilateral and multilateral meetings in which Chinese leaders participated. A case in point is Xi Jinping's visit to Italy in 2019. An article by Andrej Mrevlje "Is Italy China's Trojan Horse?" serves as a good example illustrating the different worries and controversies linked to Chinese activities (2019).

In the text, the author refers to the opinion of one of the high officials at the EU Commission, who explains his doubts related to the bilateral meeting between the heads of two countries (unfortunately, the article doesn't provide the name of the politician):

"Evidently, this is another deliberate sign of Rome taking distance from the EU. The MOU is even more important than previous gestures since it comes at the moment in which the EU is making an effort to set up a consistent strategy with China based on a balance of opportunities and risks. It is fundamental that Italy in negotiations with China would obtain reciprocity. Italy should be aware that it can obtain the reciprocity only if negotiating with China respects the line with the EU (...) Chinese understand this situation very well and, after maybe a first and short phase of benign interest, they will oblige Italy to accept their hard conditions, as everywhere in the world." (Mrevlje 2019)

The following quote has a hidden assumption that the poorer states within the EU are more eager to accept Chinese offers. The following narrative, that the poorer countries tend to develop economic relations at the expense of national interest, has been also present in the context of the CESEE. However, in recent years, Italy has not been the main beneficiary of Chinese money, such countries were, on the contrary, well-established economies with strong governments such as, for example, the UK and Germany:

"Suffice it to say that, if between 2000 and 2018 Beijing invested about 15 billion euros in Italy, Chinese investments in France were roughly the same level, and in Germany, they exceeded 22 billion; in the UK they came close to 50 billion (according to a study conducted by Merics and Rhodium Group)." (Mrevlje 2019)

3.4 *Myth no 3: Disintegrating the EU*

The Trojan horse myth is related to another set of assumptions such as: the 16+1 is disintegrating the EU and displays the divide et impera politics of Beijing. In 2014, Richard Turcsanyi (see Turcsanyi 2014) contributed to the discussion with an article stating that the sixteen countries never formed a bloc and thus they couldn't really form a tool which could disintegrate the EU. The interests of various countries within the initiative differ and member states perceive each other as rivals in attracting Chinese investments and trade. As Turcsanyi emphasises: "Furthermore, all the countries stress that the 16+1 platform has to follow the EU rules and will be conducted under the EU-China framework. They also approach this platform as a useful channel for their bilateral relations with China" (Turcsanyi 2014).

The European Parliamentary Research Service, on the one hand, emphasized that CEEC share a communist past but, on the other hand, are fairly heterogeneous in terms of economic development and legal status as EU Member States (European Parliament 2018). This opinion would support Turcsanyi's point of view.

Additionally, in many CEEC countries, including Poland, the communist past is evaluated very critically (Killingsworth 2010), and many politicians who cooperated with the communist regime are currently on the outskirts of the political life. Moreover, some of the post-communistic states, including Poland, are highly pro-EU: 'The most favorable ratings for the EU are found in former communist nations Poland and Lithuania, both of which became member states in 2004' (Wike et al. 2019). Therefore, assumptions stating that countries cooperating within 16+1 are at the same time sceptic towards the EU is misleading. The European Parliamentary Research Service (2018) quoted a table prepared by I. M. Oehler-Şincai (2018) that seems to be very contradictory to the facts related to the highly pro-EU profile of many post-communist countries, that are also heavily criticizing the Soviet Union's heritage and influence in the region. As a matter of fact, Poland is one of the most pro-EU countries: "opinion polls in Poland keep showing very strong support for EU membership, with percentages varying between 75% and 90%" (Volt Europa 2021).

Figure 2: CEEC's Cooperation Intensity in the 16+1 Format and Position as Regards the EU

Cooperation intensity in the 16+1 format	Country	Position towards the EU
Active participants ('champions', 'leaders')	Czech Republic, Hungary, Poland, and Serbia	All are euro-sceptic and all are China's strategic partners
Ambitious partners	Bulgaria, Latvia, FYR Macedonia, Romania and Slovenia	Most are euro-optimists/euro-moderates (Bulgaria is euro-sceptic)
Followers	Croatia, Estonia, Lithuania and Slovakia	Euro-optimists/euro-moderates
Laggards	Albania, Bosnia-Herzegovina and Montenegro	Euro-optimists/euro-moderates

Source: Oehler-Sincai (2018).

The head of the Chinese mission to the EU, Ambassador Zhang Ming, highlighted that Beijing supports a united and prosperous EU: 'We need to have greater mutual trust. China always supports the European integration process and supports a united, stable, and prosperous EU in playing a bigger role in global affairs' (see China Daily 2018).

Although China's Ministry of Foreign Affairs assures that it supports a stable and integrated European Union, voices concerning Beijing's hidden agenda and plans towards the 16+1 are still appearing. And one can assume that they will remain in the public arena if Beijing doesn't regain trust, i.e., by bringing more transparency into the controversial policies directed towards the Uyghur minority in Xinjiang, Hongkong protesters among the others.

On top of all the myths and scepticism surrounding the 16+1, it is important to highlight that the sixteen countries voluntarily participated in the meetings of 16+1, and Greece voluntarily became a new member of the format. As Jakóbowski and Seroka argue, the enlargement of the group during the summit in Dubrovnik gave hope for the Europeanisation of the initiative (2019). Drawing upon the examples of both 16+1 and Italy, it appears that EU institutions should intensify their activities to continue building a coherent strategy towards China for European coun-

tries that would attempt to unify and clarify the interests of all 27 member states in their policy towards Beijing.

The criticism of the CEEC might sound quite condescending as if the countries formerly behind the iron curtain didn't have their own agenda and political agency to shape the 16+1 platform actively, critically, and autonomously. Yet, if countries are not satisfied with the outcomes of this multilateral platform, they can always leave the initiative and focus on developing bilateral relations or dedicate more to the China-EU strategy or choose any other path they prefer.

4. Finding Balance and Overcoming the Disenchantment Bias

The most reasonable recommendation for the future of the format is to find a deeper synergy with the EU's institutions. Certainly, an integrated and internalised strategy toward China is what EU member states and aspiring candidates, including Albania, North Macedonia, Montenegro and Serbia, need. The twelve EU member states within the 16+1 should intensify their dialogue with the EU on political and expert levels and continue presenting the standpoint, objectives, and goals of the initiative.

On many occasions, Chinese-led initiatives have been accused of having a hidden agenda. One of the main reasons for this is the lack of proper communication and lack of hard data on 16+1 and success-oriented narration, which is created in China. Moreover, it shouldn't be overlooked that, due to its post-socialist and communist past, the CESEE region is concerned about the consolidation of power in China. Both authoritarianism and communism lead to scepticism towards Beijing's policies as the CESEE was built on the liberal foundations after 1991.

Overcoming the disenchantment and re-enchantment bias could be done by implementing the following six directions proposed by the author. Several ideas are already highlighted in the guidelines, which are issued annually during summits and signed by the Prime Ministers and other respective representatives:

- Synergising with the EU
- Winning better access to the Chinese market
- Investigating IP laws and arbitration mechanisms in China

- Maximising trade opportunities for SMEs, e.g., as part of the Ningbo Expo fair
- Developing the infrastructure strategy for the region, excluding strategic infrastructure in the vicinity of NATO buildings and bases
- Holding regular round-tables on political and social issues and values, including human rights

The main idea behind this proposal is the need for the 16+1 initiative to elaborate a strategy that would align more explicitly with the EU-China relations targets. It has been already highlighted in multiple documents, e.g., in ‘The Budapest Guidelines for Cooperation between China and Central and Eastern European Countries’ and ‘The Sofia Guidelines for cooperation between China and Central and Eastern European Countries’:

‘The Participants underline that 16+1 Cooperation constitutes an important part of and a positive complementary to the relationship between China and the EU and that they are ready to work together, through this format and in line with their respective competences and existing commitments to ensure that China-EU relations continue to develop in a balanced way’⁴.

Moreover, during the Dubrovnik summit in 2019, a decision was taken to adjust some of the 17+1 plans with the EU-China dialogue. Jakub Jakóbski and Mateusz Seroka underline this aspect in their recent article published by the Centre for Eastern Studies in Warsaw:

‘In line with the declarations made at the summit, the negotiations in the areas that fall under the EU’s competences (including transport, trade and investment regulations, customs, infrastructure) are set to be conducted basing on the existing mechanisms of EU-China dialogue (this applies to the EU member states, 11 out of the 16 countries of the 16+1 format)’ (Jakóbski & Seroka 2019).

Another issue is that the twelve EU members of the 17+1 could be important players leading discussions on the EU-China strategy based on their experiences in working with Beijing since 2012. Additionally, Greece as a new member (previously it had observer status), could share its fresh view on why it decided to join the group. For the EU, the 16+1

⁴ http://www.china.org.cn/world/Off_the_Wire/2018-07/16/content_57350564.htm

could serve as an important platform for the exchange of ideas and concerns. Deepening dialogue within the EU and shaping sustainable and transparent relations is important for Beijing, especially during the tensions between the USA and China.

Gaining better access to the Chinese market has been one of the main concerns of the CESEE, as the trade imbalance between China and the region remains rather high. Trade and investment agencies from CESEE participated in the Ningbo fair, as well as in the Shanghai International Import Expo, however not with the results desired. Procedures related to obtaining licenses and finding trustful partners in China are still essential barriers, which only a minority of companies willing to sell their products in the Far East can overcome.

For Beijing, an important issue is growing distribution channels into CESEE, especially in the wake of the so-called trade war between Washington and Beijing. For more than eight years, the Zhejiang province has organised a special trade fair, China Homelife, in Warsaw displaying products from the region. This is the biggest Chinese fair in Central and Eastern Europe and attracts many visitors. The main advantage of this initiative is that it is not only a showcase for Chinese products but also a place where business seminars related to import and export are held. Moreover, in addition to the import fair, there is an Export Expo, where Polish and CEE products can be found. This is a good example of promoting trade cooperation in both ways: export products from China and from the CEE can be displayed together during one fair.

Chinese companies should also pay close attention to EU procurement law and the legal environment. Some Chinese firms still lack knowledge about business practices in the CEEC and face many challenges in doing international business (see Kong 2015a). In the next five years, Chinese companies should investigate the investment possibilities in CESEE more closely and prepare professionally for public tenders e.g., the Chinese company STECOL operating under the name China Power Group failed to win most of the public tenders in Poland, although it proposed the best financial offer (Interia Biznes 2018).

Different perspectives on social order, human rights and values should be further discussed in order to avoid tensions. China's position on human rights should be more open, as Beijing could serve in the future as a positive example for other countries where some fundamental human rights are being abused, e.g., Bahrain or Saudi Arabia.

The pending question is whether the 16+1 countries should:

- a. Abandon the format as Foreign Affairs Minister of Lithuania Gabrielius Landsbergis recommended (Politico 2020)
- b. Continue its existence taking into consideration all arising doubts

Although the current political situation is tense and the standpoints of the sixteen countries vary, there are some common possible areas for cooperation that are rather neutral at the political level. Firstly, for future benefits, it is essential to work together towards environmental solutions that can sustainably develop the region and contribute positively to climate change. Solar energy and wind power, as well as solutions related to lowering the number of toxic substances, e.g., smog in the cities, could be an example of perfect cooperation. Climate change policy is also high on the list of cooperation themes between the EU and China, especially after (former) President Trump announced US withdrawal from the Paris Agreement in 2015. Working together on climate change is in the interest of all parties. Secondly, the region could intensify the exchange of experts in innovation and investigate how new approaches can tackle social and global challenges. Investing in regional centres for innovation could be an excellent opportunity to share experiences and create solutions, e.g., related to recycling products, promoting pro-ecological behaviour among citizens, promoting energy transformation etc.

China certainly offers an alternative for the implementation of regional visions of infrastructure and the economic development for the sixteen countries. However, as Chinese procedures and mechanisms of investment implementation differ from European Union standards, they must be subordinate to local conditions. These possibilities should be analysed and discussed, and if they prove beneficial for both sides, they can be implemented.

Another issue is to work toward developing mutual trust between the EU and China. The main concerns on the European side relate to intellectual property theft, limited economic and political reforms, human rights abuses, political threats, and the lack of reciprocity in access to Chinese markets. Another pending issue is China's adherence to the rules of the international organisations, e.g., the World Trade Organisation.

Moreover, China and the CEEC should work towards enhancing knowledge about areas raising concerns to implement solutions and reforms. China still has a long way to go in adjusting its political and economic

system to EU standards, and the 16+1 can potentially be an important platform for boosting and enhancing this process for China.

Another important issue is the need to build dialogue around politically sensitive issues, such as human rights and social values. Discussions on these issues can contribute to the clarification of China's motives behind the foundation of this multilateral platform. Certainly, more dialogue between the governments of the sixteen countries (the heads of state sign the guidelines annually) and analysts should be provided to shed some light on items from the agenda that seem controversial to sceptical and critical analysts. Although China has clearly stated its willingness to cooperate with the EU on 16+1 and proposed new participants (institutions, third countries) as observers to the 17+1, criticism of Beijing's disintegrating influences in the EU is not weakening (see Hillman 2019).

Lastly, the interests of NATO allies, especially the USA, must be considered while developing and intensifying the format. NATO is the fundamental security provider for the region. Thirteen countries from the 16+1 are NATO members, including Albania, Bulgaria, Croatia, Estonia, Greece, Hungary, Latvia, Montenegro, North Macedonia, Poland, Romania, Slovakia, and Slovenia.

5. *Conclusions*

The myths such as Trojan horse, hidden agendas, *divide et impera*, and gateway to Europe have been circulating in public since the establishment of the 16+1 format. Although the 16+1 format has brought only a few tangible results for the CESEE, and thus the 16+1 member countries were disenchanted with the Chinese offer and promises, the 16+1 format was re-enchanting because of Western imagery and a lack of understanding of the factual effects of the cooperation and the inner dynamics of the format. Moreover, many CESEE countries, including the Baltic states (Lithuania, Latvia, and Estonia), Poland and Romania, perceive the USA and NATO as security providers. They are unwilling to develop cooperation in security-related sectors such as strategic infrastructure and 5G with Beijing. Moreover, Beijing's current 'neutral position' towards the war in Ukraine might be a driver further disintegrating the Chinese-led initiative.

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Geopolitical Implications of the New Silk Road(s)

Pawel Behrendt

1. Introduction

China's Belt and Road Initiative (BRI) megaproject, better known as the New Silk Road, is stirring up controversy around the world. Many myths and misunderstandings have grown up around the initiative. Limiting it solely to a rail link from China to Europe, with maritime transport omitted, only further obscures the picture. Moreover, the BRI should not be analysed outside the geopolitical context and the broader goals of China's foreign policy. Chinese domestic factors also play a vital role in the project; however, they go beyond the scope of this chapter.

2. Geopolitics, Geo-economics, and Connectivity

The end of the Cold War is one of the turning points in modern history. The collapse of the Soviet Union effectively ended ideological rivalry and facilitated the merging of previously separated economic blocs into a single global market. Together with the digital revolution that was rapidly gaining pace, it boosted globalisation. Under such circumstances, the belief in the "End of History" effectively switched the balance in favour of the economy, pushing security issues into the background.

There were other factors influencing the changes in the way states approach their foreign policy since the early 1990s. As a consequence of the digitalisation of the economy and the Revolution in Military Affairs (RMA), the importance of control over a territory declined. Turning towards the knowledge-based economy meant that human capital was now

as important as natural resources. However, this does not mean geography has become irrelevant. In the globalised economy, control over resources often means control over their flows. It is especially visible in the case of hydrocarbons transport: controversies around the NS2 or fears about the blockade of crucial maritime bottlenecks such as the Straits of Hormuz or Malacca.

The same rules apply to finances and know-how, just consider Iran leaving the SWIFT network. With growing digitalisation, control over telecommunication infrastructure has grown in importance, turning it into another strategic asset.

As a result of the relative decline of territory as a source of wealth and power (Han & Paul 2020), geo-economics have become more important, becoming a main tool of geopolitics. Allison (2017: 69) defined geo-economics as “the use of economic instruments (from trade and investment policy to sanctions, cyber-attacks, and foreign aid) to achieve geopolitical goals”. Blackwell (2016) presented a similar definition: “It’s not using economic tools for economic purposes, although those are fine, notable objectives. It’s using these economic tools to advance a government, a nation’s geopolitical interests”.

As Teixeira (2018) pointed out: “There is nothing novel in this strategy, countries of the past and present have employed and continue to employ geo-economic strategies as a means to achieving their goals. Russia frequently uses her energy resources as leverage over other nations, and an economic sanction is a tool frequently employed by the USA in pursuing her geopolitical interests. Both these nations and others use state-owned or iconic companies to achieve geopolitical ends. The increased focus towards Geo-economics in political dialogue today has occurred due to China’s ongoing and successful use of this stratagem.”

The rise in the importance of geo-economics levelled the meaning of connectivity. There is still an ongoing debate about the exact meaning and range of this term. According to ASEM (2017), connectivity “is about bringing countries, people and societies closer together. (...) Connectivity covers all modes of transport institutions, infrastructure, financial cooperation, IT, digital links, energy, education and research, human resources development, tourism, cultural exchanges as well as customs, trade and investment facilitation.”

Marcin Kacperk (2020) presented a different approach. He highlighted three critical elements of connectivity:

- Strategic intent
- Influence over connectivity as an essential modern foreign policy tool,
- Implementing strategic intent through investments in infrastructure

In theory, the BRI can meet all these conditions.

3. *Before the BRI*

The Chinese leadership noticed the growing significance of geo-economics and connectivity by the mid-1990s. By this time, in the post-Tiananmen crackdown era, fears that Washington was aiming to depose the CPC regime was already well established in Beijing. Perception of the US as a threat led to the evolution of the regime's approach to foreign and economic policy. The welfare of society was assessed as one of the crucial conditions to preserve the regime. Given China's growing dependence on the import of resources, especially oil and gas, securing their interrupted and diversified inflow has become a fundamental issue. On the other hand, the PRC has begun to use its economic attractiveness to link interests of foreign countries and companies with Chinese ones, thus reducing their willingness to participate in actions aimed against the CPC (Goldstein 2003).

At this early stage, the role of connectivity was still not fully understood. Nor did China have sufficient resources and know-how. This situation began to change during the first decade of the 21st century. Around 2005, a discussion on the development of infrastructure connecting China with Central Asia started. Except for railways and motorways, the main topic was the development of pipelines to Kazakhstan and Turkmenistan. This way, China could reduce its dependence on imports from the Persian Gulf region and transport through the Straits of Hormuz and Malacca. Nevertheless, some references to the ancient silk road appeared.

During this decade, a significant shift occurred. China transformed from a recipient of foreign direct investment (FDI) into an investor (Zhou & Liu 2018). Finally, the 2008 financial crisis caused Chinese decision-makers to focus their attention on infrastructure. After 2008 huge investments in infrastructure, both land and maritime, had become a way to tackle the economic crisis. It was intended to stimulate the development of the inland provinces and regions (The Great Western Development Campaign),

which still remain much poorer than the coastal areas where the industry is concentrated. Given the size of China, it has proved very profitable to link the interior not only with the coast but also with neighbouring countries. Such international connections facilitate and boost exports. Nevertheless, the Great Western Development Campaign proved to be a slogan rather than a coherent strategy (Jones 2020).

4. *China Emerges and Searches for a Place in the Sun*

Economic growth went hand in hand with a rise in Beijing's ambitions on the international stage. China, therefore, began to look for opportunities to "go out peacefully into the world" and gain "a place in the sun". Once again, infrastructure investment proved to be the best solution. The idea crystallised when Xi Jinping came to power. In 2013, first in Kazakhstan, the new PRC leader announced the Silk Road Economic Belt and a few weeks later, in Indonesia, the 21st Century Maritime Silk Road.

It was an important shift in Chinese foreign policy. Xi Jinping not only gathered earlier separate infrastructure investment under one shield but shaped it into a general concept aiming to realise China's geopolitical and economic interests. Moreover, for the first time, Beijing presented a program reaching far beyond its direct neighbours. The BRI has rapidly evolved into the multitool of Chinese foreign policy and, according to declarations coming from Beijing, is set to become, among other things, a format for international security and even a "shared destiny" of participating states. It has been supplemented by investments in the energy and health sectors, telecommunications and digital infrastructure. Finally, railways, motorways and seaports were supplemented by airports ("The Air Silk Road").

It was quite an unexpected turn of events, even for Chinese strategists. The BRI was created in the National Development and Reform Commission (NDRC), the main body responsible for economic planning, as a moderate, general plan to improve connectivity with neighbouring countries. It was Xi Jinping who gave the project a face and turned it into a global initiative, making the BRI a hallmark of his rule (Jones 2020).

The economic and infrastructural side of the New Silk Road consists of several interlinked but independently implemented projects. These are the so-called economic corridors: China-Mongolia-Russia (CMREC),

China-Central Asia-West Asia (Middle East) (CCAWAEC), the New Eurasian Land Bridge to Europe (NELBEC), China-Pakistan (CPEC), China-Indochina Peninsula (CIPEC) and the Bangladesh-China-India-Myanmar Connection (BCIMEC). In addition to the six land-based corridors, there are three more maritime routes, referred to in Chinese documents as “blue economic corridors”. The first and most important of these will link China to Europe and Africa via the South China Sea, the Indian Ocean and the Mediterranean Sea. It will also link the three land-based economic corridors through South Asia (CPEC, CIPEC, BCIMEC). The key points and flagship investments here are the ports of Hambantota in Sri Lanka, Gwadar in Pakistan and Piraeus in Greece. It is the most important of the “blue economic corridors”, often referred to as the Maritime Silk Road. It received closer attention in Europe in spring 2020 with Italy’s declaration to join the BRI and the announcement of planned Chinese investments in the ports of Trieste, Genoa and Palermo.

The second sea route is to connect China with Australia and Oceania. The third proposed “blue economic corridor” is to run from China to Europe via the Arctic. However, Beijing faces stiff competition here. Finland and Norway are planning to build the Arctic Silk Road, but so are other East Asian countries, led by Japan. All have agreed to cooperate with the Chinese but on their own terms. The most important country on the Arctic route, however, is Russia, and it holds the strongest position in the region. In addition, despite declarations on both sides, Moscow is reluctant to allow China into the Arctic. It was only at the 2019 economic forum in St Petersburg that an agreement on the joint exploitation and transport of natural gas was signed. At the same event, Xi Jinping announced Russia’s accession to the BRI, but this was not commented on in any way by Moscow (Buchanan 2020).

The New Silk Road was at first much welcomed across the global South. With a promise of investment up to USD 4 trillion, China addressed a critical issue of the underinvestment in infrastructure and announced the perspective of potentially huge benefits. In stark contrast to Western countries, China offers easy terms of loans for various projects, not connecting them with human rights, democracy or environmental protection. Moreover, after the Cold War, the West generally abandoned infrastructure development and concentrated on various good governance and social projects. It created a void that has been filled by China. As a result, by 2016, many countries, especially in Southeast Asia, included the BRI

in their own strategic narratives and had high hopes of it (Zhou & Liu 2018; Jones 2020).

The economic and geopolitical dimensions of the BRI are complementary. Broad investments help to export Chinese capital and facilitate trade, benefiting the national economy. On the other hand, given the general trade imbalance that most countries have with China, more extensive economic relations link their economies with the PRC and thus gives Beijing important leverage. The recent economic pressure on Australia shows what China is capable of. As important as making others comply with Beijing's politics is the development of pipelines, diminishing the dependence on oil and gas import through maritime bottlenecks. This way, the PRC aims to become less susceptible to pressure from the US controlling global Sea Lanes of Communication (SLOCs).

In theory, the BRI seems to meet all the requirements pointed out by Kacperek. However, since their inception, the New Silk Roads have had to face mounting challenges. One thing is evident though, in terms of marketing, the BRI is a considerable success (Freyman 2019).

5. *Problems and Doubts*

Despite their enthusiasm, the ASEAN states remained cautious about whether China was really interested in long-term investment instead of short-term gains like natural resources (Zhou & Liu 2018; Han & Paul 2020). Another reason for scepticism is the situation in the South China Sea. China, Taiwan, Vietnam, the Philippines, Malaysia and Brunei lay claim to the Paracel and Spratly Islands – archipelagos of islands, islets, reefs, rocks and shoals scattered across this body of water. The seemingly absurd dispute, in which all participants cite centuries-old rights, has practical economic and political justifications. Apart from the national pride at stake there is also the exploitation of rich fisheries, oil and gas deposits, and control over maritime trade routes linking East Asia with the Middle East, Africa and Europe.

The South China Sea is the starting point of the Maritime Silk Road and is thus related to China's broader goal of acquiring free access to the open waters of the Pacific and the Indian Ocean. It is no accident that since Xi Jinping took power, Chinese policy in the region has become more assertive. Hu Jintao acknowledged the significance of maritime

trade to the economy of the PRC. After 2012 the new leadership went even further. In such a context, control over the South China Sea as an element of securing SLOCs crucial to the country's economic well-being is, in consequence, one of the critical elements of China's security policy.

The most visible and controversial issue of this policy is the construction of artificial islands on the reefs in the Spratly Archipelago. Altogether China built six such objects, and at the same time, expanded the infrastructure on Woody Island in the Paracels. These outposts were equipped with three military-grade airstrips of about 3 thousand meters in length, deep-water harbours, radar stations, storage facilities, lighthouses, maritime rescue facilities, and recently, also tourist infrastructure. At first, Beijing tried to present this land reclamation and infrastructure construction as improving navigation safety in the region. However, frequent and regular deployments of military planes and anti-ship and surface-to-air missiles have proved that the artificial islands are a military asset enabling control over most of the South China Sea. Admiral Harry Harris, the previous commander of the US forces in the Pacific (PACOM), labelled these artificial islands as the "Great Wall of Sand" (Kuik 2017).

Similar concerns have also been raised about flagship investments of the BRI, namely the ports of Hambantota and Gwadar. India in particular views them as potential Chinese naval bases, allowing it to project power in the Indian Ocean. There have been regular media reports of Chinese military presence in these ports, but these have never been fully confirmed.

In the case of Gwadar, commercial satellite images show that China has begun to build heavily fortified facilities, which may suggest the conversion of part of the port into a military base. The high-security zone in Gwadar has been identified as a parcel of land belonging to the state-owned China Communications Construction Company (CCCC). The area is surrounded by a fence with guard towers, behind which a wall has been erected. The whole area is reinforced with road barriers and bunker-like guardhouses. The CCCC site is not the only such zone in the port area. Two other smaller and less protected zones were created in 2019. Inside there are rows of blue-roofed buildings. Their purpose is unknown, but there are suggestions that they are barracks for Chinese marines (Sutton 2020).

Despite appearances, the fortifications in Gwadar are something normal, and the Chinese have good reason to fortify their facilities. The port lies in troubled Baluchistan, where separatists have been fighting for

years for independence from Pakistan. They are responsible for, among other things, the attack on the Chinese consulate in Karachi in 2018 and attacks on employees of Chinese companies. In July 2019, the Trump administration recognised the Baluchistan Liberation Army as a terrorist organisation. These barracks may thus house not the marines but personnel of some Chinese private military company hired to guard facilities.

The first Chinese overseas base was established in 2017 in Djibouti. This small country is strategically located on the African shore of the Bab al-Mandab Strait, which separates the Indian Ocean from the Red Sea. The most important sea route linking China with Europe leads through there. France, the United States and Japan have maintained bases there for years. Over the last decade, the existing facilities have become mainly support facilities for the forces fighting Somali pirates. China also participates in the anti-piracy mission, but with the development of the Belt and Road concept, the importance of Djibouti as a point of the Maritime Silk Road ahead of the Suez Canal has come to the fore.

Nevertheless, the news of China's intention to build a base there in 2015 came as a surprise. Negotiations went very smoothly, and an agreement to build a Chinese base was signed as early as January 2016. Work on the facility, valued at USD 600 million, began later that year. The work has apparently already been completed. In mid-July 2017, the first convoy carrying troops to Djibouti set off, and the base itself was officially opened on 1 August on the anniversary of the establishment of the People's Liberation Army. Beijing is reluctant to use the term military base, preferring to speak of a support base to provide logistical support for Chinese forces participating in UN missions and anti-piracy operations. Depending on the source, the lease agreement, which is valid until 2026, allows for the stationing of up to 6,000 or 10,000 troops. An additional bonus for Djibouti for agreeing to open the base is 14 billion dollars in Chinese investment in infrastructure.

China has thus positioned itself at a key geostrategic point. However, Djibouti has a much broader significance, going beyond the Belt and Road or operations in Africa. China has gained the ability, albeit still limited, to project power in the permanently unstable Middle East and has also strengthened its position vis-à-vis India. In addition, there are also considerations of prestige: the PRC has joined the group of powers with foreign bases. The decision to acquire an overseas base was most likely precipitated by the events of the Arab Spring in 2011, when the

Chinese navy proved unable to evacuate Chinese citizens from revolution-stricken Yemen and Libya. The Americans and the French had to be asked for help, which was seen by both the Chinese leadership and many ordinary citizens as a humiliation (Behrendt 2017).

It should come as no surprise that the location of the base and the vagueness of Chinese goals are of concern, mainly to the US and India. The planned size of the facility is still unclear as is the type of vessels it will be designed to host. However, there are more and more indications that Beijing does not intend to cut corners. A pier almost 350 metres long was completed at the base in spring 2021. The head of the US Africa Command, General Stephen Townsend, spoke about this issue before the US Senate Armed Services Committee. He recalled the completion of the long pier and stressed that the installation was capable (at least in theory) of supporting aircraft carriers. He also stressed that China was looking to establish more bases in Africa (LaGrone 2021).

The PRC is still far from dramatically altering the balance of power in the region. Nevertheless, the base in Djibouti, combined with supporting facilities in Gwadar, and eventually, Hambantota, establishes a “strategic triangle”, enhancing the capability of the Chinese military to conduct operations in the Western Indian Ocean and the Middle East. Western and Indian strategists are preoccupied with the issue of how China would use its currently limited capability to project power and what direction its development would take. On the other hand, it seems that, to Chinese strategists, the use of the “strategic triangle” for SLOCs protection may be equally important.

6. *Debt Traps*

Nevertheless, in the age of geo-economics, most controversies and doubts around the BRI consider politics and finances. The most highlighted is “debt trap diplomacy”. As has already been mentioned, China, unlike Western countries, Japan and international organisations, does not impose exorbitant conditions for granting credit. However, the conditions for repayment are a different story, as Sri Lanka has found out the hard way. In late 2017 in exchange for the cancellation of a billion dollars of debt, about 12% of the total, Colombo had to agree to the acquisition of 70% of the shares in the port of Hambantota by the Chinese state-owned com-

pany CMPH, and then lease to the same company the entire port and the surrounding special economic zone for 99 years (Financial Times 2017).

Another country labelled as a victim of “debt trap diplomacy” was the Maldives. The years 2018-2019 were a time of intense political crisis in the archipelago. The situation became so tense that India considered military intervention. This was when Beijing stepped in, warning New Delhi through the media that any unilateral Indian action would be met with a Chinese reaction. As if to confirm these words, a Chinese naval team consisting of at least one destroyer, a frigate, a landing ship and a supply vessel was in the Indian Ocean (EurAsian Times 2018). In the shadow of the crisis, the Maldivian government struck a deal with China: it leased two uninhabited islets as payment of part of its debts. Beijing has previously shown interest in acquiring some of the archipelago’s uninhabited islands and building a naval base there, including cutting out sections of coral reef to create suitable passageways for ships. The realisation of these plans is getting closer, all thanks to a declared \$1.5-2 billion in debts, which represents as much as 80% of the Maldives’ foreign debt – and this for a country with a GDP of just around USD 5 billion.

It seems China has backed away from leasing islands, but negotiations between the Maldivian government and Chinese banks are still ongoing and reportedly are very hard. Moreover, it is not clear how big the debt is. Figures given by various sources range from USD one billion (Maldivian foreign ministry) to USD three billion (the country’s former president Mohamed Nasheed) (Panda 2019).

Events relating to Sri Lanka and the Maldives have led to the view that China, as part of the Belt and Road Initiative, is preparing debt traps for poorer countries in order to maximise its own profits and political objectives. In Gwadar, for example, only 9% of the profits from the port go to the Pakistani authorities; the rest goes to China. While Chinese loans are more readily available than funds from international institutions and Western countries, they carry interest rates as high as 7%. Bangladesh, Myanmar, Nepal and Pakistan were assessed as other vulnerable countries. The *Wall Street Journal* has expanded this list to include Laos, Mongolia, Kyrgyzstan, Tajikistan, Djibouti and Montenegro (Thaplin 2019). The list seems to form a coherent whole. Laos provides a foothold in Indochina, a direct land link to Cambodia and encircling from west Vietnam, one of the claimants in the South China Sea dispute. Tajikistan and Kyrgyzstan form a similar foothold in Central Asia and undermine

Russia's influence in the region. Nepal, Bangladesh, Sri Lanka and the Maldives are being torn from India's sphere of influence, and together with Myanmar and Pakistan, form a Chinese ring around India. Djibouti is another part of this strategy, providing a base at a strategically important point on the sea route to Europe, including Montenegro. The latter country is a bridgehead in the Balkans. On the other hand, Mongolia has rich raw material deposits on its territory and routes into Siberia.

Montenegro confirmed "debt trap" concerns in April 2019 when it asked the EU for help to repay the USD one billion loan from China for an unfinished highway project. The highway was to connect the port of Bar on the Adriatic coast to Serbia: in recent years the main partner of the PRC in the Balkans. Brussels rejected the plea but offered a mix of grants, guarantees and preferential loans from the European Investment Bank and the European Bank for Reconstruction and Development to help finish the project (Strupczewski 2021).

However, Jones and Hameiri (2020) proved that "debt traps" are caused mainly by debtors, not Chinese lenders.¹ A representative case study is here Hambantota port. The project started from the initiative of the Lankan side and was part of an overambitious development strategy initiated in 2006. The main objective of investment in Hambantota was to strengthen the position of the former president Mahinda Rajapaksa and his influential family in their home district. As well as the port, the strategy also included a conference centre, cricket stadium, airport and even airlines. A similar turn of events occurred in the Maldives, where the former president Abdulla Yameen tried to use Chinese investment to strengthen own political power.

Jones and Hameiri argue that BRI is far from a coherent concept and strategy. The initiative is rather a chaotic collection of projects which are often not in the interest of host nations or even the PRC. The main motor for most of them is particular interests of various Chinese State-Owned Enterprises (SOE), companies and CPC factions associated with them.

Such an approach has led to many misunderstandings and conflict situations. Hillman (2020) points out that all too often, Chinese investors are ready to deliver projects that do not meet their own domestic standards. He cites the example of a two-billion-dollar China-backed coal-fired

¹ For more information on Chinese loans to foreign customers see: Gelpert et al. (2021).

power plant in Lamu, Kenya. Local community and environmental groups strongly opposed the project due to its high ecological risk. They formed a coalition called “deCOALonize” and, after three years of judicial struggle, won. The court ruled that the Kenyan government did not conduct an adequate environmental assessment.

Mounting controversies led to a loss of enthusiasm among countries of the global South, even close allies of Beijing such as Pakistan. In early 2019, Islamabad cancelled construction of a \$2 billion coal-fired power plant under construction under the BRI and announced a reduction of another \$2 billion in loans for railway construction. Myanmar has drastically scaled back the Kyauk Pyu deep-water port project. The Chinese had proposed a \$7.3 billion investment; the Burmese authorities cut it to \$1.3 billion. Sierra Leone, on the other hand, withdrew from a US\$400 million airport project already underway (Aamir 2020).

The number of initiated and planned investments is impressive, but many of them remain ‘on paper’ for lack of money. Already in 2018, the deputy director of the Development Research Centre of China’s State Council admitted that the financing gap for the New Silk Road was half a trillion dollars a year. With the deteriorating global economy, even China may lack adequate funds. Another risk was turning the BRI into a giant speculation bubble and source of capital outflow. The Chinese authorities noticed this and began to limit foreign investment. Their annual growth peaked in 2016 at 49.3%. It was followed by a sharp decline. In 2017, year-on-year growth was 23%, in 2018 13.6%, and the figures for the first half of 2019 were just 0.1%. Rating agency Moody’s saw this as an increase in risk awareness, both on the Chinese and foreign sides.

Another problem is the lack of sufficient information on projects and unclear tender procedures. According to the EU Chamber of Commerce in China (2020), non-Chinese companies have access to only around 10% of projects. Intense competition for a relatively small segment significantly dampens the enthusiasm of investors and contractors. The lack of transparency leads to paradoxical situations where the Asian Infrastructure Investment Bank, set up to finance the BRI, refuses to participate in projects.

7. *Counter Initiatives*

What is perceived as Chinese expansion and potential threat provoked several counter initiatives. Most active in this field is Japan. However, instead of preparing a single megaproject, Tokyo prefers to bring together a number of existing initiatives. In 2015, prime minister Abe presented the Partnership for Quality Infrastructure. This USD 100 billion project addresses the regional lack of short-term financing for infrastructure development in Southeast Asia. This way, an alternative to the BRI, but not only as a source of money, has appeared. Japan aims to use weaknesses of the Chinese approach, preferring contacts with the government and omitting local communities. Thus, the “qualitative alternative to the BRI” concentrates on transparency, economic efficiency, environmental protection and benefits to local societies (Koga 2020).

The same pattern is used by the 2019 EU-Japan Partnership on Sustainable Connectivity and Quality Infrastructure. The EU and Japan aim to cooperate on connectivity and quality infrastructure with countries and partners in the Western Balkans, Eastern Europe, Central Asia, Indo-Pacific and Africa. As well as the promotion of openness, transparency and inclusiveness, the trademark of the initiative is consideration of partners’ needs as well as their fiscal capacity and debt-sustainability (EEAS 2019).

Japan has become the main centre of BRI counter initiatives. Another project is the Blue Dot Network formed in 2019 by the US, Japan and Australia. This time the initiator was the US; however, Tokyo plays a vital role in the initiative aimed to provide assessment and certification of infrastructure development projects, primarily in Asia, Oceania and the Americas. Unlike the Partnership for Quality Infrastructure and the EU-Japan Partnership on Sustainable Connectivity and Quality Infrastructure, the Blue Dot Network focuses on encouraging private capital from member countries to invest in qualitative, sustainable and financially transparent infrastructure projects abroad (Kuo 2020).

The last significant response to the BRI is the Bring Back Better World (B3W) initiative declared at the 2021 G7 summit. The project is still in its initial phase, but again, it aims to offer the low and middle-income countries a qualitative and transparent alternative to the Chinese. Another significant issue is the fact that the B3W was initiated by Washington, marking the return of the US to constructive, multilateral politics. Ac-

According to the White House, G7 members plan, by 2035, to narrow the 40 trillion dollars needed by developing nations for infrastructure (Holand & Faulconbridge 2021).

There are also more local initiatives. In 2017 India, backed by Japan, established the Asia-Africa Growth Corridor (AAGC). In addition to connectivity and infrastructure, the initiative focuses on fostering economic cooperation among the Indian Ocean states (Prakash 2018). In Central Eastern Europe, the Three Seas Initiative (3SI) is also evolving towards a connectivity project. With support from the EU and especially the US, the initiative is becoming a regional answer, but not a competitor, to the BRI (Morris 2020). More limited visions of regional infrastructure development were also presented by ASEAN, South Korea, Russia and Iran.²

All of the counter initiatives are humbler and do not have such an intensive PR campaign as the BRI; they also proceed more slowly. However, this is their advantage. Time is needed to prepare a coherent strategy, and limited goals are easier to meet.

8. *Conclusions: Role and Perspective for Europe*

Quite definitely, there is strategic intent behind the BRI, and Beijing displays the will to use geo-economics and connectivity as political tools. Nonetheless, the project proved to be too ambitious, and its incoherence has undermined its efforts. Another important question is the extent to which China has the will and capability to use the BRI to shape the international situation, at least among its immediate neighbours. As pointed out earlier, many projects are nothing more than a pursuit of particular interests of various groups. Similarly, many declarations coming from Beijing serve the domestic propaganda aiming to present the CPC as the force bringing China back to a predominant position in the world, rather than demonstrating realistic goals.

On the other hand, Chinese actions undertaken around the BRI have already brought tangible results. The PRC has gained the upper hand in the South China Sea and established a permanent military presence in the Indian Ocean. BRI-related issues also caused political instability in Sri

² For more information on these initiatives see: the CSIS Reconnecting Asia project (<https://reconasia.csis.org/>).

Lanka and the Maldives. However, the main culprits here are local politicians, who tried to use Chinese investment for their own benefit.

All this raises the question of how Europe should react to the BRI. Significantly, most important corridors of both land and maritime Silk Roads connect China to Europe. The EU is, to the PRC, an important market and source of know-how. However, there are also political factors. In the rivalry with the US dragging Europe onto its own side or at least maintaining its neutrality is crucial to China. This way, Beijing can eventually deprive Washington of key allies, all having significant economic, technological and military potential.

Thus the BRI reaction should be put in the context of the broader China strategy on which the European Commission is working. EU has to define its strategic goals and persuade member states to comply. European countries separately are too weak to deal with the PRC and tend to prioritise short term economic gains over medium and long term economic and strategic goals. Such an attitude is in line with Chinese goals; however, as Jones and Hameiri (2020) point out, China pursues short term gains, often contradictory to the state strategy, just as often as its counterparts.

The strategic dimension of the “New Silk Road” touches on a critical issue of the European defence against economic statecraft. The issue was raised by Crawford (2020), who wrote: “The United States and China are increasingly resorting to economic statecraft to influence other countries. Despite their vulnerability to this economic statecraft, governments in the rest of the world have responded hesitantly. Some have reacted with ad hoc, discrete measures to deal with imminent geo-economic threats, but few countries have anything resembling a strategy or theory of geo-economic defence. Governments need to assume responsibility for identifying their countries’ economic vulnerabilities and build up their resilience to economic statecraft.”

Given the course taken by the PRC under Xi Jinping, the preferable choice for Europe is close cooperation with “like-minded” democracies, namely Australia, India, Japan and the US. Nonetheless, cooperation with China is indispensable, especially on global issues. In terms of infrastructure and connectivity, a good base is the 2015 EU-China Connectivity Platform, which aims to enhance synergies between the EU’s approach to connectivity, including the Trans-European Transport Network (TEN-T) and China’s BRI. On the other hand, it requires the EU to employ a coherent and sustained strategy on infrastructure development within the

union and in its surroundings in Eastern Europe, Middle East and North Africa.

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Trust and Understanding

A Geopolitical Perspective on the Relations between China and Europe

Julian Caletti

“Let China sleep, for when she will wake up, she will shake the world.”
(Napoleon Bonaparte)

*1. Introduction*¹

For almost two hundred years, China seemed to follow the instruction of the French general and stayed largely dormant. Since the late 1970s, however, when Deng Xiaoping launched his country on the path of reform, China has woken up. During the following three decades, the Asian giant grew with an average rate of 10% a year, representing the fastest economic growth ever recorded. In the same period, it has moved around 400 million people out of poverty, the largest reduction the world has ever seen. Statistics about China’s rise, which could stun every observer into silence, abound. As U.S. scholar Fareed Zakaria aptly summed it up: “The magnitude of change in China is almost unimaginable” (Zakaria 2011: 199).

At the same time, the world – and especially the West – seems to be increasingly troubled by disorder. The election of Donald Trump as President of the United States or the “Brexit” vote in the United Kingdom have proved to be divisive events that have weakened Europe and its transatlantic neighbour and had negative effects on global governance as a whole. As if this were not enough, the relations between Western countries

¹ Author’s note: This article reflects the personal views and experiences of the author and does not represent the official position of the UN institution for which he works.

and China have eroded dramatically, with ugly tit-for-tat retaliations and increasingly belligerent rhetoric on both sides. In this geo-political turmoil, exacerbated by a global pandemic, it becomes imperative to ask how to put relations between the West and the East on a solid footing again.

This issue is vast in scope and therefore entails several sub-questions. Will the 21st century belong to China? Are the world's major superpowers destined for war? What role will Europe play? This paper aims at answering these questions by discussing the broad undercurrents of international affairs and offering a strategic outlook on the decades to come. It mainly does so by providing lessons from history, personal experience as well as asking provocative questions with the help of a metaphor, providing food for thought on how to make sense of current-day Europe, its relations with China and how it affects us in our daily lives.

2. *How the West Could Influence the Rest*

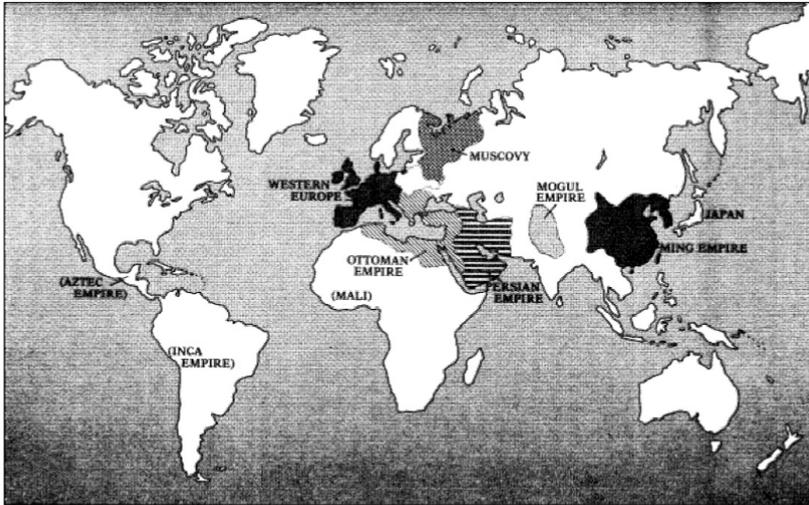
“I am wearing your clothes, I speak your language, I watch your films and today is whatever date it is because you say so.” (Malaysian lawyer Shad Faruki to British journalist Martin Jacques – Morris 2010: 11)

Western civilization influenced our current world to a substantial degree. Any westerner delivering a presentation in front of a Chinese audience in China will notice that, most likely, the working language is English. The chances are that everyone present will be wearing suits and ties, a type of clothing very different from traditional Chinese attire. If the presentation features a date on its slides, it will probably be from the Gregorian calendar, not the Chinese lunar calendar. Most likely, participants will have delicious Chinese food after the event, not western food. But how many Chinese movies or singers is a westerner familiar with – compared to the Chinese counterparts' knowledge of western movies or singers?

Having a look at the world 500 years ago, however, no one could have guessed that in the centuries to come, the West would leave such a deep imprint on the rest of the world. A look at the globe around 1500 AD reveals the existence of a number of centres of power, including the Aztec, Ottoman or Ming empires, all having roughly equal levels of development. How could it be that Europe, the tiny spot at the very end of the

Eurasian landmass, could pull so far ahead of the others and influence them to such a high degree?

Figure 1: A Map of Global Power Centres Around 1500 AD.²



Source: Kennedy (1987).

Historians around the world have hotly debated this question. For instance, in his book *No One's World*, Columbia University Professor Charles Kupchan (2012) explains that, without colonialism, Europe could have never amassed the riches to dominate the globe. To a great extent though, colonial enterprises were enabled by the industrial revolution and the resulting advances in military technology. As British poet and politician Hilaire Belloc summed it up nicely in 1898: “Whatever happens, we have got, the maxim gun, and they have not”.

The industrial revolution could never have happened without the explosion of knowledge and research in Europe, which came as a consequence of the enlightenment. What were the factors bringing about this intellectual movement in the first place? The American scholar finds the

² If you are mostly familiar with this kind of map, it means you are used to a Eurocentric world map, another sign of Western civilization’s influence on the world.

answer in the lack of rigidity of Europe's political and economic structures, for instance, caused by the continuous power struggles between the kings and popes. In his view, the Ottoman Empire, the Ming Dynasty in China or other global power centres all held strict authority over their citizens, allowing for little flexibility and dynamism. In Europe's case, however, it was very much the opposite.

Another eminent scholar who took on this question was Harvard Historian Niall Ferguson. In his best-selling book *Civilization*, which was also televised as a six-part documentary, Ferguson breaks down his main reasons into "six killer applications". He states that, in 1500, the East was actually looking much more likely to pull away from the West thanks to inventions such as gunpowder, paper or ink. Ferguson presents his first killer app to be "competition". Since Europe was so fragmented, and city-states and nation states kept on engaging in wars with each other, they constantly had to innovate and develop themselves further (Ferguson 2011a).

In Niall Ferguson's view, the second killer app of Western civilization was 'science'. Asking "why was there no Isaac Newton in Istanbul", the Harvard scholar arrives at a similar conclusion as Charles Kupchan, highlighting the intellectual forces of the enlightenment and the lack of rigidity in Europe that allowed these to prosper in the first place. Ferguson claims killer apps number 3 and 4 to be "property", the philosophical notion of John Locke that one could keep one's territory or other objects once one had combined it with one's own labour, and "medicine" and its key advances at the time (Ferguson 2011a).

In addition, the acclaimed historian identified "consumerism" as the fifth crucial factor for Europe's success. Especially in the 19th and 20th century, Ferguson sees the cultural attractiveness of the western way of life as important. As the sixth and last killer app, it is the "work ethic" already described by German sociologist Max Weber, the intimate connection of the Protestant religion and the imperative to work extremely hard, that Ferguson sees as an integral part of Europe's success story (Ferguson 2011a).

Somewhat pessimistically, Ferguson ends his book by warning that these killer apps are now increasingly used by other civilizations to catch up. Framing the question very much from a competitive angle, as if it were a race between regions for global domination, he ends his series by asking what he sees as the most important question of the century: "Are

we the ones on whose watch the time of western ascendancy is going to end?” (Ferguson 2011b).

A third and last noteworthy contribution to this question comes from Stanford professor and archaeologist Ian Morris. In his creative and highly readable book *Why the West rules – for now* (2010) he mentions two broad schools of thought. On the one hand, there are those advocating a “long term log-in” theory, assuming there was some kind of crucial factor inherent in western civilization, such as climate, topography, natural resources or cultural superiority, which gave it the decisive advantage (Morris 2010).

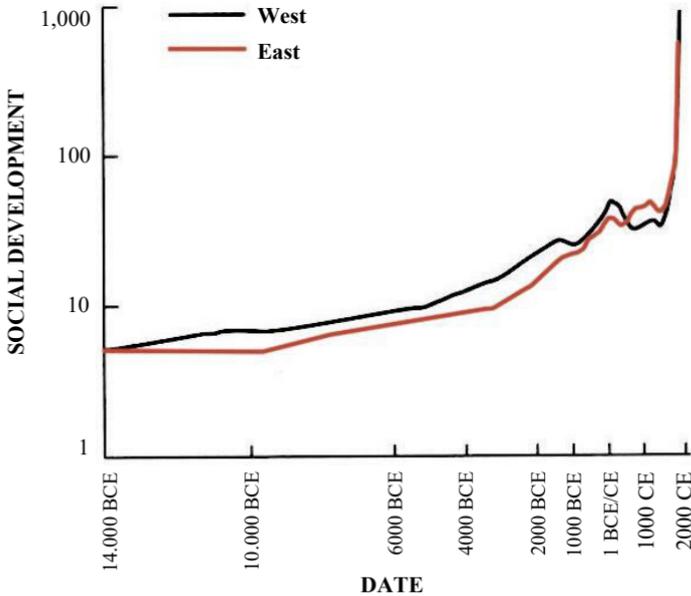
On the other hand, advocates of the “short term accident” theory argue that it was mere luck for the West to end up ruling the world, and it could have gone very much the other way (Morris 2010). One example those theorists present is the fact that in 1690, during the battle of Boyne, Britain’s future Protestant king William of Orange was hit by a bullet in the shoulder. Had the shot struck him a few centimetres lower, they speculate, England would have remained Catholic, France would have dominated Europe and the industrial revolution might never have happened (*ibid.*).

Ian Morris thereafter embarks on a long and entertaining intellectual journey, tracing back the notions of East and West to their very origins, developing after the end of the last Ice Age, about 15,000 years ago (*ibid.*). He then endeavours to compare both power centres’ relative power against each other. Coming up with an interesting graph, he analyses time period by time period to ultimately conclude that neither “long-term log-in” theorists nor “short-term accident” theorists were correct. Instead, the West’s rule over the East was “long-term probable” (*ibid.*).

In his eyes, by far the most important reason for that was geography. For instance, the Mediterranean Sea proved to be an extraordinary advantage as it provided cheap and easy transport. Europe was also much closer to the American continent than Asia. Thus, while easterners could in theory have discovered America, especially with the sophisticated sailing ships under Chinese explorer Zheng He, geography always made it more likely that westerners would get there first (Morris 2013).

The most interesting aspect of Morris’ book, however, are his reflections on the future. Disagreeing with Niall Ferguson about ‘the most important question of our times’, he mentions two main global trends in the world that make the importance of the “who dominates it” question shrink in comparison (*ibid.*).

Figure 2: Ian Morris' Comparison of Relative Power of East and West Across 16 Millennia, Measured by a Self-Devised Social Development Index



Source: Morris (2010).

The first is the singularity scenario, the advancement of technology and the risk of out-of-control artificial intelligence ushering in a new era with human beings no longer top of the pecking order. The second equally disturbing scenario is nightfall, consisting of climate change reaching a point of no return and unleashing other “horsemen of the apocalypse”, such as famine, disease, or uncontrolled migration with it, wreaking irreversible havoc everywhere (ibid.).

Morris sees our world’s fate in the upcoming decades as a race between the singularity and the nightfall scenarios. Little will it matter whether the West or the East rules during the 21st century. Much rather, it will be a common challenge for all humankind to avert the grave risks that either of these future scenarios entail (ibid.).

3. *The Patterns of History and What They Reveal About the Future*

“Here we are on top of the world. We have arrived at this peak to stay here forever. There is, of course, this thing called history. But history is something unpleasant that happens to other people.” (Arnold Toynbee, recalling the 1897 diamond jubilee celebration of Queen Victoria – Alyson 2018)

Even though, as we have seen, Europe’s pre-eminence during the last 500 years was thanks to a whole range of factors, we can distil them into one overarching answer: Europe was simply much more dynamic than the other global power centres. The above authors also agree that the period we are currently living in is a time of large-scale transformations, with power centres shifting and mega-trends threatening our very existence. In the light of these uncertainties, it is valuable to remember Winston Churchill’s famous quote: “the farther backward you can look, the farther forward you are likely to see” (White 2014). If we look back at history, are there any patterns in the past that can explain better what we should pay attention to in order to shape the future in a more constructive way?

One of the most acclaimed history books of the 20th century, and a must-have in every university library, gives us the first answer to this question. Written in 1987, historian Paul Kennedy’s *The Rise and Fall of the Great Powers* carefully discerns the broad trends in the global power dynamics spanning the last 500 years. Covering details from the Habsburg Empire to the Soviet Union, the Yale scholar describes an anarchic world in which dissatisfied powers constantly jostle with satisfied ones.

His main conclusion is surprisingly simple: “Because of man’s innate drive to improve his condition, the world has never stood still” (Kennedy 1987: 439). Zooming out and looking at the entire time period under discussion, not one great power has avoided the fate of first rising and then moving toward its inevitable demise. Even the almighty Great Britain could not stay “at the peak forever”, as celebrators at Queen Victoria’s diamond jubilee would have wished. This is thus the first pattern of history: great powers rise and fall. The world never stands still and roughly every century, it witnesses a “changing of the guard” (Kennedy 1987).

In a book of this calibre, Paul Kennedy naturally also analyses the forces driving these dynamics of change. Explaining old European power struggles between Spain and Great Britain as well as newer phenomena

such as the Second World War, the historian notes that it was ultimately the productive capacity of a great power that made it prevail in any direct conflict. Had the Soviet Union not been able to produce tanks and weapons more quickly than Nazi Germany, they would not have had the superior firepower on the battlefield and ultimately been able to push the frontline further toward Berlin (*ibid.*).

This productive capacity in turn largely depends on the economic power and technological development within that country. That is what Paul Kennedy identifies as the second main pattern in history. It was the “uneven economic growth [which] has had crucial long-term impacts upon the relative military power and strategical position of the members of the states’ system” (Kennedy 1987: 439). In other words, wherever economic power goes, military and political power are likely to follow.

Looking at our current world with the two historical patterns in mind, it is clear that there was primarily one country to which economic power has gone in recent decades³. Since Deng Xiaoping launched his reform policies in 1978, China’s economy grew an average rate of roughly 10% a year for three decades, a number four times as high as the USA’s rate in the same period. Former Australian Prime Minister Kevin Rudd hit the nail on the head by describing China’s rise as “the English Industrial Revolution and the global information revolution combusting simultaneously and compressed into not 300 years, but 30” (Allyson 2018: 145).

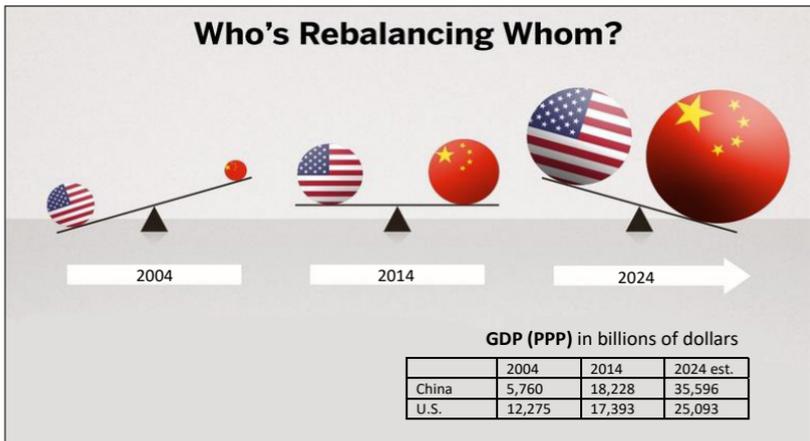
We indeed find ourselves in historic times in which a changing of the guard is taking place, and global pre-eminence is slowly moving from the declining USA to a rising China. This matter will affect us all. As former Singaporean Prime Minister Lee Kuan Yew remarked: “The size of China’s displacement of the world balance is such that the world must find a new balance. It is not possible to pretend that this is just another big player. This is the biggest player in the history of the world” (*ibid.*).

³ Interestingly, in the early 2000s the Chinese government commissioned a vast academic project to find patterns of history and help it direct its trajectory toward the future. Also in part to educate the Chinese public and prepare it for what is to come, the outcome was transformed into a 12-part series called *DaguoJueQi – The Rise of Great Nations*. While omitting the first pattern of a great power’s inevitable demise in its title, *DaGuoJueQi* essentially arrives at the same conclusions as Paul Kennedy’s acclaimed book. Great Powers rise and fall and it is mainly the economy that is the determining factor for it.

In this context, Harvard Professor Graham Allyn has launched more extremely insightful historical research. In what he coined the “Thucydides Trap”, he analysed an age-old dynamic dating back to the Peloponnesian war in the fifth century BC. At this time, the Greek historian Thucydides described the dynamic between the established city-state Sparta, and the rising power Athens and penned one of the most oft-cited sentences in international relations: “It was the rise of Athens, and the fear that this instilled on Sparta that made war inevitable” (Allyn 2018: 23).

According to Allyn, the Thucydides Trap is the structural dynamic that occurs whenever an established power is challenged by a rising power, with war between them being the most likely outcome. This dynamic is all too familiar in human relations as well. A younger brother growing in strength and confidence might well begin to challenge his elder brother, or even the father of the family. An ambitious, uprising staff member may feel bold enough to challenge his superior, or even the director of the organisation. In the same way that a certain hubris plays a role on the side of the challenger, a certain paranoia kicks in on the side of the challenged. This way, states – just as human beings – might end up in a conflict even though no one had the intention to start one in the first place (ibid.).

Figure 3: The Economic Balance Between the United States and China



Source: Allyn (2018).

In what Graham Allyson called “The Thucydides Trap Project”, he and his team started to identify historical cases, which fit this pattern. The researchers found sixteen cases across the globe, in which a rising power has challenged an established power in the same way as the Greek historian described. Out of these sixteen cases, twelve led to war while only four managed to solve the dispute by peaceful means. The primary example for a modern case is the naval build-up of a newly assertive Germany, which posed a perceived threat to Great Britain and was a crucial factor in leading to the First World War (Allyson 2018).

*Figure 4: Results of the Thucydides Trap Project,
Investigating 16 Historic Cases*

	Period		Ruling Power	Rising Power		Result
1	First half of 16th century		France	Hapsburgs		War
2	16th–17th centuries		Hapsburgs	Ottoman Empire		War
3	17th century		Hapsburgs	Sweden		War
4	17th century		Dutch Republic	England		War
5	Late 17th–early 18th centuries		France	Great Britain		War
6	Late 18th–early 19th centuries		United Kingdom	France		War
7	Mid-19th century		United Kingdom, France	Russia		War
8	19th century		France	Germany		War
9	Late 19th–early 20th centuries		Russia, China	Japan		War
10	Early 20th century		United Kingdom	United States		No war
11	Early 20th century		Russia, U.K., France	Germany		War
12	Mid-20th century		Soviet Union, U.K., France	Germany		War
13	Mid-20th century		United States	Japan		War
14	1970s–1980s		Soviet Union	Japan		No war
15	1940s–1980s		United States	Soviet Union		No war
16	1990s–present		United Kingdom, France	Germany		No war

Source: Allyson (2018).

Graham Allyson and his team also offer clues on what measures to take in order to ease the destructive potential of these structural dynamics. The appeal to a universally recognized higher authority, being embedded in larger economic, political and security institutions, thick economic interdependence or, most recently the presence, of nuclear weapons as a deterrent can be helpful to avoid disaster (ibid.).

Obviously, the global context in which the Harvard professor published his book bears great resemblance to these historical dynamics. Could we be witnessing again how the established power USA and the rising power China become unintended victims of the Thucydides Trap?

Allyson details a number of factors that could bring a situation of relative calm very quickly towards a war between great powers. For instance, he cites a collapse of the North Korean regime, naval clashes in the disputed South China Sea, Taiwan moving to independence or a trade war spiralling out of control. In any event, his research makes abundantly clear that in order to draw the right lessons from history and shape our future in the most constructive way possible, it is a collective responsibility to focus our attention on China and try to gain a better understanding of the Asian giant (Allyson 2018).

4. Three Key Personal Insights to Better Understand China⁴

“You will find it not mysterious. When you have become familiar with it, it will not seem so mysterious as before.” (Kissinger 2014: 10)⁵

From the perspective of most westerners, China seems to be very far away, not only geographically but mostly in terms of culture. While it is certainly common to see groups of Chinese tourists in European capitals, or for westerners to eat at Chinese restaurants, truly understanding the people, the language, the culture, the Chinese political system and its underlying political philosophy remains a challenge for most outsiders. Since I was fortunate enough to spend almost two years in China during my studies, work with Chinese partners on a daily basis and in the mean-

⁴ Editor’s note: The text refers to personal perceptions of the author.

⁵ Chinese Prime Minister Zhou Enlai, responding to U.S. Secretary of State Henry Kissinger, who had called China ‘a land of mystery’ during his 1971 Beijing visit.

time have even married a Chinese wife, I would like to offer three key insights I have had in recent years which have helped me understand China better.

The first key insight is that the economy and society of China might look very different to outside observers than it actually is inside. In economic terms for example, outsiders might view China as extremely advanced, especially due to its astronomic growth rates. Yet, these numbers must be seen in relation to its even more breathtakingly numerous population. While China's economy is about to surpass the US economy to become the biggest in the world, per-capita income in China is far below most western countries (Eurostat 2020). In other words, although it looks different to the outside eye, China overall still has a long way to go to reach a high economic standard of living for all of its citizens.

The second key feature to help westerners better understand China is its preference of a consequentialist view of ethics over a duty ethics perspective⁶. The 2006 creation of the Three-Gorges Dam across the mighty Yang-Tse River serves as an instructive example. On the one hand, the construction of this mega project promised to deliver sustainable electricity to 60 million people, the equivalent of the population of France. On the other hand, about 1.5 million people lost their homes, with 13 cities and about 400 villages flooded (Galileo & ProSieben 2018). Was the construction of the Three Gorges Dam a morally right thing to do?

In general, most western countries have a more pronounced tendency towards duty ethics, whereas in China consequentialist ethics prevail. In the case of the Three-Gorges Dam, most discussion in the West emphasized the personal misfortunes of those who lost their homes ("imagine how YOU would feel if you had to resettle due to flooding"). In China, by

⁶ In general, there are two great schools of thought in the field of ethics. On the one side is the duty-ethics camp, coming from the enlightenment thinkers such as the German philosopher Immanuel Kant. To find out what exactly constitutes a moral action, Kant famously formulated his categorical imperative to 'act only according to that maxim whereby you can at the same time will that it should become a universal law. Similar to the golden rule, viewing an action as moral when you yourself would not disagree with this action being done to yourself. On the other hand, there were influential thinkers such as British philosophers John Stuart Mill and Jeremy Bentham. According to their consequentialist school of thought, an action can be considered moral if the result brings 'the highest possible amount of happiness to the highest possible amount of people.

Figure 5: The Three Gorges Dam

Source: China.org.cn (2011).

contrast, most of the public debate highlighted the fortunes of the many that the mega project would benefit, even if it came at the expense of the few.

At the core of these differences in ethics lie the different underlying values that are predominant in both societies. While western societies centre mostly on the core-value of “freedom”, China organizes itself around the core-value of “order”. Harvard scholar Samuel Huntington described Confucian cultures as reinforcing “the values of authority, hierarchy, the subordination of individual rights and interests, the importance of consensus, the avoidance of confrontation, ‘saving face’ and in general, the supremacy of the state over society and of society over the individual” (Huntington 1996: 225).

These values have been the organising principles of the entire society for more than 2000 years. Everything is ordered in hierarchical structures in which everyone needs to “know their place” and respect – and if necessary even sacrifice one’s own interest to – the superior. Collectivism is much more important than individualism (for instance, the last name in China always comes before the first name, just as the group comes before the individual). Given these century-old principles, it is not difficult to

see that this “Chinese DNA” brings with it a preference for consequentialist ethics over duty ethics.

The third key feature to better understand China is its cultural trait to highly value respect and recognition from others. On a personal level, this is often described as the importance of “face”. One can either “give face”, for instance, by awarding the recipient public compliments, or “lose face”, for instance, by being publicly criticized. The concept of face is paramount in relations between Chinese, and explains why, in general, there is very little direct criticism toward others. Rather, there is subtle hinting at things your counterpart could improve, if at all. This could even go so far as to tell flat-out lies, just for the sake of not losing face.

Similar to the personal level, this yearning for respect and recognition is very much present at the political level as well. Much of it comes from the traditional self-image of Chinese leaders and population of their country being at the very centre of the universe (the literal translation of China in Mandarin is *zhong guo*, the characters for “centre” and “country”). Millennia of the Tributary System, in which neighbouring empires had to travel to China to pay its emperor tributes and acknowledge China’s cultural superiority, formed what British journalist Martin Jacques called the “Middle Kingdom Mentality”. This thinking is still deeply engrained in the Chinese psyche today (Jacques 2012).

Tragically, the complacency of the Qing Dynasty’s courts and the unexpected technological progress of the Europeans brought about the so-called “century of humiliation”. During this period, starting from the first Opium War in 1840 and ending with the ascent of Mao in the 1940s, foreign powers colonized the Middle Kingdom, even sacking the imperial capital Beijing. Shaking their self-image to the core, this collective trauma is still very much present with the people of China today. Every taxi driver remembers the destruction of the Summer Palace at the hands of British and French, let alone the infamous sign put on the door of a Shanghai Park “No dogs and Chinese allowed” (Rudd 2015). For many Chinese, this remains an open wound.

Figure 6: Infamous Sign on the Door of a Shanghai Park



Source: Rudd (2015).

In the light of these historical events and equipped with the third key insight of the Chinese need for respect and recognition, China's current pursuits on an international level are more comprehensible as well. Leadership and the population feel a burning desire to reclaim what they perceive as China's rightful place in the world – firstly at the centre of Asia and secondly on the top of the global pecking order. What is commonly referred to as the “rise of China” in the West is actually the “restoration of China” in the east, a mere return to the normal state of affairs (Lanxin 2014).⁷ How can western countries and their populations best accommodate an Asian giant on the long march back there?

5. *The World as a Village – A Metaphor*

“Everything should be made as simple as possible – but not simpler.”
(Albert Einstein)⁸

The world we live in is infinitely complex. Now perhaps more than ever, a multitude of actors ranging from governments, international organizations, multinational corporations, non-governmental organizations and religious groups are pursuing their interests together with, against and even at the expense of each other. Their interactions happen simultaneously on multiple levels, in different locations, across various time zones, in the real and the virtual world.

In such an intricate environment, observers might only be able to obtain a clear picture of a given topic with the help of a metaphor. Also regarding Sino-western relations, a small thought experiment might go a long way to explain where we currently stand. It does not intend to justify certain policies on either side. Rather, it attempts to put things into relation and provide some context. It intentionally asks provocative questions to put some of our most common thinking patterns to the test. This in turn might help refine our understanding of the complex relations and could ideally contribute to insights on both sides on how to improve them.

⁷ As Chinese professor Xiang Lanxin (2014) put it, we should not speak of “China’s rise” but rather of “China’s re-rise” or “China’s restoration”.

⁸ Brainy Quote (2022).

Let us imagine the world as a village. The approximately 200 countries that currently exist across the globe are actually 200 houses in this village. As in the picture, they are all in close proximity to each other. In the same way that every country in the real world contains its population, every house in the village contains a family. As heads of the families, the parents have the decision-making power over their children – and the responsibility to care for their well-being – just as the governments in the real world do over their populations.

In the real world, not every country's population is the same size. Let us therefore assume that in our metaphorical village, a country's population of 100 million people roughly corresponds to one child in the family. For instance, Germany with its 83 million inhabitants would be the equivalent of two parents taking care of one child. The United States with its 350 million citizens would be a family of two parents with 3.5 children. Other western countries such as France, Spain or the UK would all be families consisting of two parents with one child (perhaps a teenager or a toddler).

Enter China. Following the proportions, we set out in our metaphor, the Asian giant would already look very different from the outset. With its population of 1.4 billion people, the metaphorical family would not only live in a much bigger house than most of the western families (perhaps a small castle like in the below picture). More importantly, the two parents face the burden of taking care of fourteen (!) children. It is by far the biggest family in the village and, except for a neighbouring family in the South with twelve offspring (India), no other family in the village comes close to that.

As discussed in this article's first section, for a long time the western families have enjoyed a certain economic, political and cultural predominance in the village. Most of the other houses' family members know how to speak their language, often eat their food, regularly wear their style of clothes, watch their television series and listen to their music much more than vice versa. For these and other reasons, western families have largely come to believe that their standards of behaviour regarding the education of their children ought to be the universal yardstick for the rest of the village.

At this point however, a devil's advocate might ask provocatively: is it really true that their norms and standards should be universally applicable to all families in the village? If so, which ones exactly? And should they

all apply to the exact same degree, regardless of the sometimes very different basic conditions other families might be living in?

To make matters even more complicated, the number of children is not the only factor defining the differences between the western families and their Chinese neighbours. One might also recall the three key insights described above for westerners to better understand China and translate them into our metaphorical village.

Figure 7: Breaking Down the World's Complexities to a Smaller Scale...



... by Seeing the World as a Village, with a House Representing a Country, the Parents Representing the Government and the Children Representing the Population.

Source: Wallhaven (2022).

First, in economic terms there is a significant wealth gap compared to the western families. Just forty years ago, most of the Chinese children did not have any food on the table. Since then, the Chinese family, skillfully

but often ruthlessly led by the parents, has embarked on a historic economic catch-up. It has contributed to a vast improvement of living conditions among the fourteen children. Now, nearly everyone has regular meals, decent clothing and finds their basic needs met. In addition, this has also had a positive effect on most of the other houses in the village, since they could trade and increase the overall riches among families to their mutual benefit. Is this enormous achievement sufficiently considered by other families when they discuss about China from the outside?

At this point, one might recall the second key insight for westerners to better understand China – the Chinese prevalence of consequentialist ethics over duty ethics. Translated into the metaphor, the Asian parents might justify some of their overly harsh methods and past and current wrongdoings with achieving the “greater good” of lifting the kids out of poverty. In their view, this was the number one priority and, since it was for the benefit of most children, it was morally correct. Western families in contrast rather emphasise that certain actions were absolute “no-gos”, that can’t be justified under any circumstances. Where exactly should one draw the line?

Let us also remember the third key insight to better make sense of the Asian giant, its desire for recognition and respect. With the very different basic conditions of the families – and now adding this distinctive cultural trait into the equation – how helpful is it if western families publicly criticise the Chinese parents for their wrongdoing? Has this strategy of naming and shaming worked in the past? What alternative strategies could exist and what could be their chances of success?

Finally, yet importantly, the Chinese family has all but forgotten history. No day would go by without all members reminding themselves that, not so long ago, Western families had developed powerful weapons with which they broke into their house, burned down the beautiful temple in the garden, made themselves comfortable in the living room and treated the family members like dogs. Although a few generations have passed, the memory of this extremely painful event is much more vivid in the Chinese family than in the West. How must it feel for the Chinese family if the robber’s grandsons are now publicly criticising them? Do they actually sufficiently reflect on their own wrongdoings?

These are uncomfortable questions, especially for those who base a large part of their identity on the conviction that their norms and values ought to be universal. Yet, they are at the core of the conflicts between

China and the West and continue to cause friction in everyday politics and economics. None of them can be answered easily and they all deserve deep research and reflection.

Given the delicate current situation, and the recent developments of the Chinese parents becoming more and more authoritarian, it becomes all the more important to find out how to bring relations between these different families back on a solid footing. What would be necessary for an improvement in relations to happen? How can trust and understanding be fostered?

6. *Trust and Understanding*

“We may have different religions, different languages, different colored skin, but we all belong to one human race.” (Kofi Annan – former United Nations Secretary-General)⁹

In the last three years, I had the opportunity to attend a series of insightful training workshops on negotiation skills in and around Geneva, Switzerland. In these sessions, there was one especially revealing simulation exercise with regard to the topic under discussion. Its name is “Win as Much as You Can”¹⁰.

At the beginning, all participants are split into four groups and are invited to physically distance themselves from each other. In what follows, the four groups play ten rounds, putting a hidden note into the trainer’s envelope each round, indicating their choice of either red or black. If all four teams vote red in one round, all groups win one point. If all four teams vote black instead, they all lose one point. Much like in the famous prisoner’s dilemma, a series of combinations is possible, with groups winning or losing points depending on what choice their counterparts make.

It is fascinating to witness the different dynamics that can evolve with different groups of participants playing this game. The general principle is the same every time: if every group voted red (the cooperative move) everyone would be better off in the end. However, there is often a rather

⁹ AZ Quotes (2022).

¹⁰ Jerome L’host, *Negotiation Skills and Techniques*, Training Workshops in Geneva Switzerland, 2017-2020.

self-centered tendency for groups to vote black (the competitive move). Of course, this comes at the expense of the others' points – and more importantly – at the expense of the others' trust.

After ten rounds of voting, the trainer explains that the instruction to “Win as Much as You Can” is deliberately phrased in a vague way. Who exactly is you – the small sub-group or all four groups together? And what exactly is to be won – points or rather trust? It turns out that, often, groups automatically adopt the competitive zero-sum interpretation of the task, (“win as many points for your sub-group as you can”). Yet, some groups also act upon the cooperative and inclusive win-win interpretation of the task, (“win as many points AND trust among ALL of you as you can”).

The key messages of this simulation exercise are clear. First, cooperation among all is better for everyone. Second, in order to achieve this cooperation, trust between all actors is key.

Observing the current state of relations between western countries and China, one cannot help but draw parallels to the described exercise. Especially since Donald Trump has been leading the United States, the western group has repeatedly pursued a narrow-minded, self-centered stance to put its own score first, at the expense of other players such as China. Unfortunately, this also comes at the expense of the fragile trust that existed between them beforehand. At the time of writing in mid-2020, we are in a downward spiral of both sides voting “black” to retaliate to the other's prior choice of “black”, not realising that, eventually, everyone involved will be much worse off.

To be fair, the Chinese side has contributed its share to this situation as well, including by not exactly displaying a track record of great trustworthiness in the past. Many in the West find it deeply disturbing that the leadership of a country heavily censors its population's access to information. Repeated incidents of intellectual property theft by Chinese players do not help establish trust either. And what exactly happened in the case of the African Union's main building in Addis Ababa, which China sponsored and constructed, including built-in bugs for Chinese cyber-espionage? (Council on Foreign Relations 2018).

Now, this is not to say that incidences of untrustworthy behaviour are only limited to the Chinese side. Observers might remember what the USA's National Security Agency (NSA) did even to its allies, for instance, by spying on German Chancellor Angela Merkel's mobile phone (The

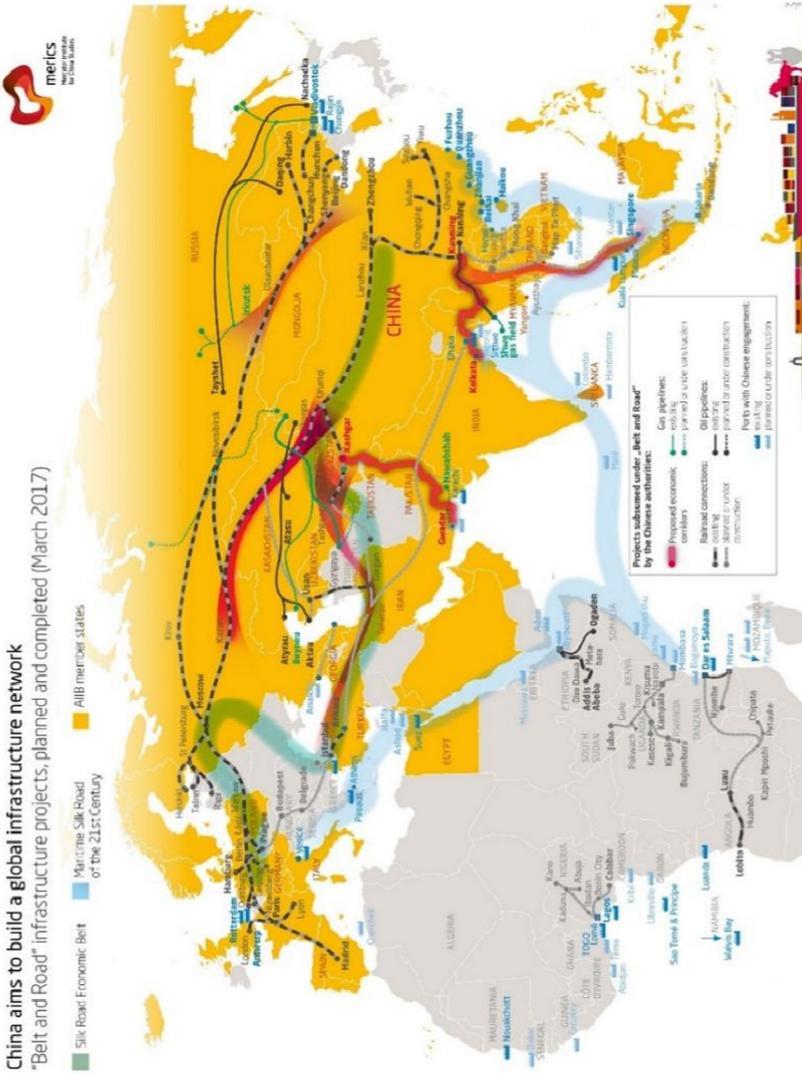
Guardian 2015). Still, the question of trust in China looms large, and assumes a special weight in consequential decisions such as the use of 5G technology in European countries, many of which fear allowing a Trojan Horse into their midst.

What is therefore needed from both sides is a series of cooperative moves that allow everyone to build up trust in each other and demonstrate how everyone wins from them. This could happen on a personal level, with two individuals from different nations helping each other with a certain task (for instance, learning each other's language). It might also occur in the form of cooperation between two institutions, building up a track record of reliability on both sides through a series of common projects. Even on a higher level, governments could specifically focus on certain less contentious areas, such as the fight against climate change, to build momentum of "voting red" between them.

Yet, the highest possible level of a genuine win-win approach is China's proposed "project of the century". In September 2013, Chinese President Xi Jinping announced his intention to invest USD \$1.4 trillion in building a "New Silk Road" of infrastructure to link sixty-five countries in Asia, Europe, and North Africa. Through this "One Belt, One Road Initiative", China is constructing a network of railways, airports, harbours, economic corridors and fibre-optic cables across the Eurasian landmass. These modern physical links along what were once ancient trade routes are supposed to foster new diplomatic, trade and financial ties between a combined population of 4.4 billion people (MERICS 2018).

Even the success of such a gigantic mega-project ultimately comes down to the degree to which the stakeholders involved trust each other. In the case of the New Silk Road, many in the West have accused China of thinly veiled geopolitical ambitions to control the Eurasian landmass. Experts blame China to fight a "war by other means", using their economic power to gain influence in economically weaker countries such as Sri Lanka through "debt traps" (Blackwill & Harris 2016). Yet, no serious observer can deny that this sweeping vision of cross-country cooperation, if implemented properly, bears enormous potential for the improvement in living standard of millions – if not billions – of people on earth.

Figure 8: The One Belt One Road Initiative, China's "Project of the Century"



Source: MERICS (2018).

What is therefore needed is a forceful and coherent policy on behalf of the European Union to shape this project of the century to the same extent as the Chinese government. As French President Macron said on his 2019 state visit to China, the New Silk Road “cannot be one way” (Le Corre 2019). Indeed, all involved would stand to gain from two equally powerful motors at both ends of the landmass. If done well, it could combine the strengths of both worlds, notably China’s breath-taking economic speed and Europe’s strong focus on social and environmental standards.

The prerequisite for this to happen is the European Union to make this issue one of its key priorities. It must manage to coordinate an effective strategy between all member states, speak with one voice and act quickly and strongly before China has already built most of the New Silk Road in its own way and image. In this and other areas, it is crucial for the historically so predominant Europe to unite and act as one in order to maintain its relevance in the decades to come. Otherwise, it risks being marginalised by the two economic giants United States and China, which will ultimately end in its demise, just as all other great powers in the past.

7. *Conclusion*

From the beginning, this paper set out to address the question of how to put relations between China and the West on the solid footing of trust and understanding. In doing so, it discussed the reasons for Europe’s predominance, delved deeper into patterns of history and shared key insights on how westerners can better understand China. It further provided an analysis of the current state of affairs with the help of a metaphor and asked provocative questions to spark a reflection on both sides. Lastly, it described the all-too-common dynamics of cooperation and competition, advocated a series of trust-building measures and pointed to the tremendous potential of the New Silk Road.

At the end of the day, even the most high-level endeavours require trust and understanding between individuals. Be they between presidents, project managers or other partners, relations between China and the West are shaped by the relations between its thousands of individuals that increasingly have to engage with each other. For this purpose, making a conscious effort on both sides to understand the other better would be immensely beneficial. This can be done through travelling to the country,

learning the language, reading the literature, watching the movies, listening to the music, eating the food, finding a friend and just being generally open to learn from each other. This way, we will be able to create more trust and understanding and move forward together toward a better tomorrow.

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Part II

Research Projects on the Impacts of the BRI on Europe

BRI – Beyond Economy and Politics

Laying the Foundations for a Transcultural Research Project on the BRI in Europe

Jessica Geraldo Schwengber

1. Introduction

The aim of this chapter is to elaborate on the rationale behind the transcultural research project on the impact of the BRI in Europe, the results of which are presented in this book. It was an international research project involving fourteen young researchers from Germany and Poland. The research topic “the impacts of the BRI on Europe” was explored from different angles (for more details see point 4 in this chapter). Apart from the intention to contribute to a better understanding of the impact of the BRI on Europe, one of the main reasons that led to the formation of the research project was the intention to contribute to a holistic view of the BRI. The BRI is an international project that is continuously expanding (see point 2 in this chapter). From an academic point of view, the BRI was mainly analysed from an economic and political perspective (see point 3 in this chapter). A literature review on the topic (Panibratov et al. 2020) shows a lack of social and cultural studies on the BRI. Although the narrative of the BRI focuses on shared cultural and historical heritage, human civilization, shared destiny, people to people bonds (NDRC 2015), these aspects of the BRI are neglected in the literature (or at least are not the main themes of the studies). This background highlights the lack of a holistic perspective on the BRI. This latter motivates the transcultural research project to tackle the topic of the BRI from different angles. Although economic and political perspectives are relevant and

were included in the research project, the project also embraced explorative studies in different areas, such as gender and civil society.

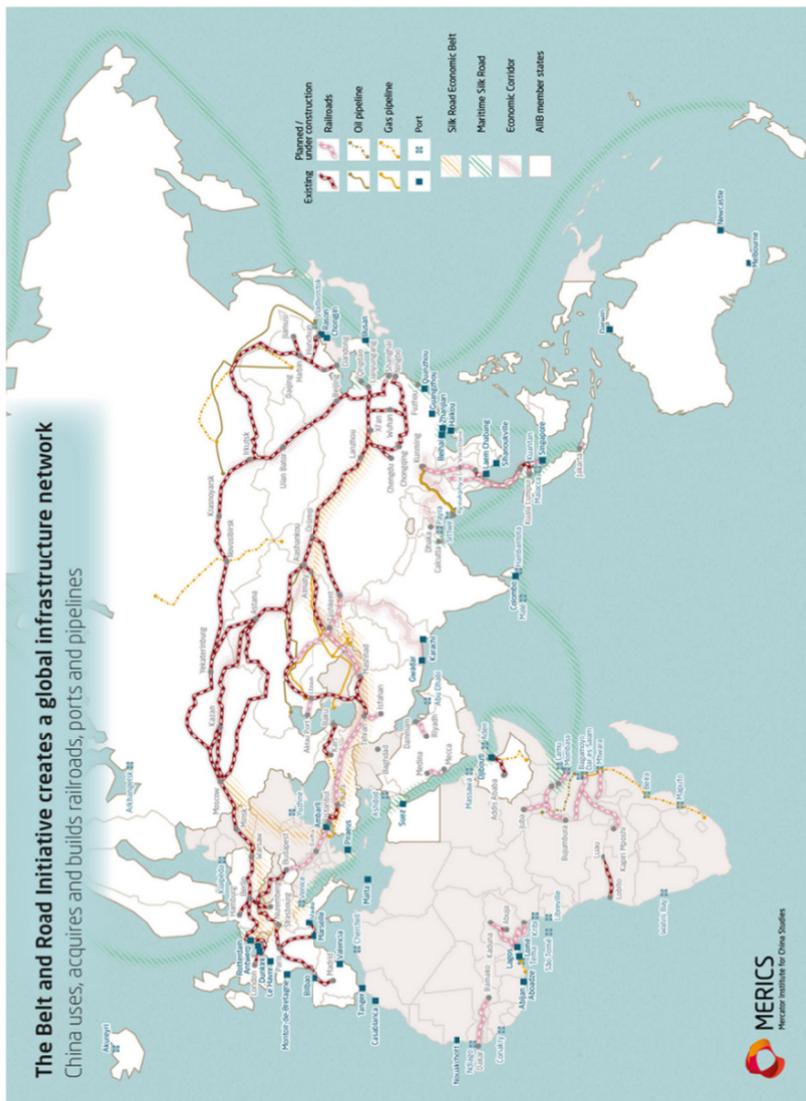
The chapter is structured as follows: First, some data on the international engagement with the BRI is presented. The aim is to show the international expansion of the BRI. The data is followed by an overview of the academic debate on the BRI. In this way, it is shown how the academic debate is dominated by economic and political issues. Drawing on the vision and actions on jointly building Belt and Road, a call for a more holistic view of the BRI is launched. Before the conclusions, the transcultural research project is presented as a project that aims to contribute to a holistic view of the BRI.

2. The BRI – Some Data on its International Expansion

The president of the People's Republic of China, Xi Jinping, announced the Belt and Road Initiative (BRI) in 2013. The aim of the initiative is to connect Asia, Africa and Europe through land and maritime networks (European Bank for Reconstruction and Development 2022) and is considered China's largest international undertaking (Huang 2016). Since the announcement, the project has been continuously expanded internationally. In 2016, the countries participating in the project represented around 64% of the world's population and 35% of global GDP (Huang 2016). In 2020 this figure increased to 138 countries which had signed the Memorandum of Understanding (MoU) and were participating in BRI projects (European Bank for Reconstruction and Development 2022). Data from 2021 reflects the continued expansion of projects, as 145 countries and 32 international organisations signed over 200 BRI cooperation agreements with China in that year (Foreign Affairs Office Beijing 2021).

The international expansion has been accompanied by Chinese investments. In 2018, China had already invested more than USD 100 billion in BRI-related infrastructure projects (MERICS 2018). In 2019, the BRI included 2,631 projects worth USD 3.7 trillion (Refinitiv 2019). The largest investments were in energy, transport and telecommunications (OECD 2018). Figure one shows the international dimension of the BRI.

Figure 1: The BRI's Global Infrastructure Network



Source: MERICS (2018).

3. *Academic Debate on the BRI and the (Lack of) Studies on the Socio-Cultural Dimension of the BRI*

The international expansion of the BRI has triggered an academic debate. The keywords “Belt and Road Initiative” in the Google Scholars platform produce 352,000 results (accessed 08 June 2022). The academic contributions on the BRI include papers and books that address the topic from different perspectives, such as economy, trade and infrastructure (Herrero 2017; de Soyres et al. 2019; Fardella & Prodi 2017; Demissie 2017; Qian & Fulton 2018; Chen et al. 2019; Bird et al. 2020; Cui & Song 2018; Rimmer 2018), strategy and geopolitical impacts (Minghao 2016; He 2018; Du & Zhang 2018), debt trap (Hurley et al. 2019), environmental impacts (Ascensao et al. 2018; Teo et al. 2019; Hughes 2019), to name but a few.

Although the BRI is studied from different angles in the literature, a systematic literature review of the BRI shows that economic, political and supply chain themes dominate (Panibratov et al. 2020). Other aspects include legal issues and sustainability (ibid.). The word culture does not appear in Panibratov et al.’s literature review. The word social is used in the context of social sustainability.

4. *The Socio-Cultural Dimension of the BRI*

At this point, the following question has to be addressed: Despite the dominance of economic and political studies, is the BRI also a cultural and social project?

China explicitly associates the BRI with the ancient Silk Roads. The text vision and actions on jointly building Belt and Road (in the following Vision and Actions), issued in 2015 by the National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce of the People’s Republic of China begins with the following sentence:

“More than two millennia ago the diligent and courageous people of Eurasia explored and opened up several routes of trade and cultural exchanges that linked the major civilizations of Asia, Europe and Africa, collectively called the Silk Road by later generations. For thousands of years, the Silk Road Spirit – “peace and cooperation, openness and in-

clusiveness, mutual learning and mutual benefit” – has been passed from generation to generation, promoted the progress of human civilization, and contributed greatly to the prosperity and development of the countries along the Silk Road. Symbolizing communication and cooperation between the East and the West, the Silk Road Spirit is a historic and cultural heritage shared by all countries around the world” (NDRC 2015).

From the Vision and Actions, it seems that China aspires to recreate the Silk Road of the 21st century through the BRI. In this view, the document emphasizes joint building process, mutual learning, common ideals, win-win cooperation, shared destiny, i.e., concepts that transcend the economic and political dimensions.

The socio-cultural dimension of the BRI clearly emerges from the priorities of cooperation listed in the Vision and Actions. Among these priorities are also people to people bonds (NDRC 2015)¹. The latter includes cultural and academic exchange (ibid.).

Against this background, the BRI is seen not only as a political and economic project, but also as a socio-cultural one (at least from the Chinese narrative perspective). This is in line with the view of the BRI as a new Silk Road. The Silk Road was more than just a trade route. It was also a road of cultural exchange (Frankopan 2015). This cultural exchange was the result of continuous trade and exemplifies how economy and culture are linked in the long term. Indeed, Park (1928) emphasizes how economic cooperation in the long-run became social and cultural. In this sense, the debate on BRI should be enriched by additional socio-cultural perspectives.

5. *Transcultural Research Project on the BRI in Europe – A Contribution to a Holistic View of the BRI*

In November 2020, the Transcultural Leadership Summit on “New Silk Roads – New Perspectives from Europe” was held at Zeppelin University. The summit highlighted the richness of the topic of the BRI and its impact on Europe. It highlighted the diversity in terms of language, values, traditions, economic and social systems of the countries involved and the

¹ The other cooperation priorities include policy coordination, facilities connectivity, unimpeded trade and financial integration (NDRC 2015).

related economic, political and cultural challenges of the project. Some of the most important topics discussed at the conference are summarised in the first part of this book. In addition to the traditional topics such as political and geopolitical ones, this publication also contains contributions that go beyond economic and political debates. Examples are the contributions on the transcultural challenges of the BRI (see chapter by Wieland in this publication) and on a historical and cultural-philosophical perspective (see the chapter by Keir in this publication).

The transcultural leadership summit was also the starting point for the creation of a transcultural research group on “the impacts of the BRI on Europe”. Although numerous scholars have already conducted research on the BRI in Europe (Casarini 2015; Minghao 2016; Herrero & Xu 2017; Fardella & Prodi 2017; Vangeli 2017; Le Corre 2017), the research project aimed to take a holistic view, i.e., to examine it from multiple perspectives. The project was coordinated by the Leadership Excellence Institute Zeppelin at Zeppelin University (Germany) in collaboration with the Boym Institute (Poland) and involved fourteen young researchers from Germany and Poland. The young researchers worked in six groups, covering the following different aspects of the impact of the BRI on Europe:

- Economic perspective (see the chapter by Kintzinger & Horkey in this publication)
- Business perspective (see the chapter by Dinh in this publication)
- Paradiplomacy (see the chapter by Szczotka in this publication)
- Legal perspective (see the chapter by Kozerska et al. in this publication)
- Gender perspective (see the chapter by Hahn & Krawczynszyn in this publication)
- Public opinion on BRI (see the chapter by August & Ziółkowska in this publication)
- Civil society perspective (see the chapter by Britzwein & Balasińska)

Although some of the research addressed the predominant issues of the BRI in the literature, such as economic, political and legal perspectives (Panibratov et al. 2020), many of the topics provided additional insights into the BRI in Europe. Indeed, the results of some of these projects highlighted under-researched topics. This is the case, for example, with the

projects on gender and civil society. In this way, the projects contribute to enriching the academic debate on the BRI in Europe.

6. Conclusions and Call for Further Research

If the BRI is not only an economic and geopolitical project, a holistic perspective should also address its implications beyond economics and geopolitics. This chapter argues for the need to go beyond economics and politics and look at the BRI from multiple perspectives. The transcultural research project on the impact of the BRI on Europe was presented as an attempt to contribute to this holistic view of the BRI.

This chapter concludes with an open call for further contributions that enrich the debate on the BRI.

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Paradiplomacy with Chinese Characteristics

The Relational Governance Model in Sino-European Substate Relations

Patryk Szczotka

1. Introduction

Since its introduction in 2013, the Belt and Road Initiative (BRI) remains one of the most widely discussed international initiatives of the People's Republic of China (PRC). Its all-encompassing nature coupled with the lack of a clear definition (European Think-Tank Network on China 2016) adds to the worldwide discussions on its geopolitical and economic implications. On the conceptual level, the BRI is composed mainly of infrastructural investments encompassing both the maritime (ports) and land (railways, roads) domains, with its goal being improving connectivity between more than 70 countries worldwide (Tomaszewska & Pohl 2019). Even despite its vagueness, the significance of the project cannot be underestimated. The BRI was incorporated into the ruling Communist Party of China (CPC) constitution (Xinhua 2017), essentially framing it as a strategic goal for the Chinese state. While the project itself was thoroughly analysed on state and supranational levels both from a political and an economic point of view, there seems to be a knowledge gap regarding the BRI impact on the specific regions or cities within Europe. This chapter examines the administration-politics-business nexus relations in the BRI framework. This is done by using the “relational theory of international politics” (国际政治关系理论) developed by Qin Yaqing (秦亚青), one of the most prominent Chinese international relations scholars. The analysis will try to answer the question whether the relational governance

model proposed by Qin is used in Sino-European substate level relations, and how the relationality affects the relationships between the Łódzkie region, Duisburg, and their Chinese partners. Furthermore, this chapter will try to flesh out the expectations, results, and the dynamics in contacts between German, Polish and Chinese administrations. After the literature review about the BRI, the rationale of the framework being used is explained, along with the theoretical background. Then the source material is analysed to examine the relational threads present and how they affect cooperation. The purpose of this work is to explore how intelligent relation management (meant as the acknowledgement/possible utilization of the relational governance model to mitigate possible shortcomings) and cultural awareness can contribute to better, fairer cooperation under the BRI framework. It also intends to highlight Chinese perspectives on cooperation, which is done using the theoretical framework based on the Chinese theory of international relations. Ideally, the chapter will serve both academics and practitioners alike and will introduce not only new theoretical, but also practical, perspectives on cooperation with Chinese peers.

The author would like to express his gratitude to Patrycja Pendrakowska and Paweł Behrendt from the Boym Institute for their important contributions to the theoretical framework of this chapter and continuous feedback and Jessica Geraldo Schwengber from Zeppelin University for her contribution to the data collection process.

2. *Literature Review*

While the topic of the BRI as a global project is well covered in academic literature, significant gaps persist in the field of regional diplomacy. This becomes especially evident when one considers the lack of case studies examining the influence of the BRI on certain regions or cities, and therefore this paper can be considered as a pioneering attempt at closing this research gap by using a non-Western theoretical framework.

2.1 *Polish Sources*

Regarding Polish research into the BRI, a few important contributions can be singled out. One of the leading Polish experts, Professor Bogdan

Góralczyk, elaborates on the economic and political implications of the BRI both in his book (Góralczyk 2018a) and academic articles (Góralczyk 2016/2017; Góralczyk 2018b). These works revolve mainly around the potential risks and benefits of the BRI in a global and Polish context, examining political obstacles as well as geopolitical shifts of power associated with the format. Góralczyk's works can perhaps be best described as loosely connected with the realist theory of international relations, being mainly concerned with the state as the basic unit of analysis. Michał Lubina analyses the BRI through economic (Lubina 2017a) and geopolitical (Lubina 2017b) lenses, pointing out not only the mixed results of the BRI initiative in Poland, but also examining the political discourse surrounding the initiative. He argues that two conflicted narratives exist, one being pro-BRI (seeing it as an economic opportunity), and other opposing the project (because of the security concerns). An article by Joanna Ciesielska-Klikowska is a well-executed analysis of Germany's perceptions of the BRI project and finishes with political recommendations regarding Sino-German relations (Ciesielska-Klikowska 2018).

Not only academia but also analytical circles in Poland conduct evaluation and research on the BRI. The initiative is thoroughly examined especially by state-funded think tanks. An extensive report prepared by experts from the Centre for Eastern Studies (CES) analyses the rail links between China and the EU, with special attention given to Poland. Furthermore, this work is a notable exception to other sources as it mentions not only the possible benefits for the Polish regions, but also briefly touches upon the example of Duisburg (Jakóbowski et al. 2018).

Experts from the Ministry of National Defence-affiliated Asia Research Centre (ARC) research the European countries' position in the BRI (with a special focus placed on the Polish state), its opportunities and obstacles, investments, mechanisms, and notable developments, especially regarding personal contacts between Polish and Chinese state officials (Bachulski et al. 2017). Furthermore, ARC analyst Łukasz Sarek analyses the economic environment and situation of Sino-Polish relations with a special focus on imports, exports, and investment (Sarek 2018; 2020). In his work he also includes interviews with the representative of the Łódzkie region (which helps to highlight the role of regions in the BRI, but offers no in-depth analysis of the topic of paradiplomacy between China and Europe). Interviewees include the Polish Consul-General in Chengdu and a representative of the Polish Investment and Trade Agency, which al-

lows a much more comprehensive picture of the Sino-Polish relationship to be developed.

While certainly valuable, the aforementioned works use the state as the main level of analysis, paying little or no attention to the development of the countries, regions and cities. A notable exception to this rule is the scholarly work of Professor Tomasz Kamiński. In an article from 2019 he conducts a case study of the Łódzkie region to analyse the factors that contribute to the successful cooperation between China and the European Union at the subnational level (Kamiński et al. 2019). His conclusion points out that there are three pillars of success. The first is effective collaboration between the regional authorities, academia, and business, the second is the favourable external conditions such as the BRI framework and the strategic partnership between Poland and China, and the third pillar is the personal dimension of contacts between officials from both sides. In the report, which he co-authored, his research on the role of paradiplomacy in the relationship with China is developed further and includes the perspectives of various EU member states as well as case studies of regions scattered throughout Europe. The work concludes with the list of factors enabling efficient cooperation and a compilation of current trends regarding the subject matter being analysed (Kamiński et al. 2019).

In the article “The Sub-state Dimension of the European Union Relations with China” Kamiński shows the benefits that the EU can gain from sub-state connections with China. He does it mainly by interviews with representatives of the European External Action Service and the European Commission as well as surveys conducted among regional authorities of EU member states (Kamiński 2019b). In the paper Kamiński co-authored with Michał Gzik, researchers thoroughly examine the connections of Polish cities and regions with their Chinese counterparts, mapping the areas of cooperation along with the advantages and shortcomings, as well as arguing that cities and regions constitute hidden potential for Polish diplomacy. This work is done primarily via the means of a survey and corresponding analysis (Kamiński & Gzik 2021).

In the book “The Role of Regions in EU-China Relations”, edited by Kamiński, there is a chapter on Poland written by Adriana Skorupska that includes case studies of the regions of Dolnośląskie and Mazowieckie, identifying challenges and opportunities for both regions (Skorupska 2021).

Another important contribution is made by Professor Dominik Mierzejewski, who analyses the role of local governments in bilateral relations under the BRI (Mierzejewski 2017) as well as conducting an in-depth assessment of China's regional governments' relations with the central authorities (Mierzejewski 2021). He also conducted a case study of Sichuan province international relations with special emphasis on the BRI framework (Mierzejewski 2018).

There are also important sources authored by Patrycja Pendrakowska that tackle Sino-Polish relations under the BRI from the political, social, infrastructural and cultural dimensions, offering a multidisciplinary perspective (Pendrakowska 2021a) as well as providing analysis of Polish political and media discourse about the initiative (Pendrakowska 2018) essentially introducing the political landscape related to the BRI development.

2.2 *German Sources*

When it comes to German academic sources on the topic, English-language sources are scarce, especially regarding paradiplomacy and the city of Duisburg and the Łódzkie region. An article by Professor Werner Pascha uses the case study of Duisburg to identify the city's economic interactions in the BRI framework, evaluates its role as a China-related business hub and examines the political risks and challenges of Sino-German cooperation (Pascha 2021). The 2016 report by European Think-Tank Network on China (European Think-Tank Network on China 2016) contains a chapter devoted to an examination of Germany's position within the BRI framework. Written by analysts of the German think tank Mercator Institute for Chinese Studies (MERICS), Jan Gaspers and Bertram Lang, it analyses Germany's railway infrastructure, its domestic perception of the initiative and the German response to it (Gaspers & Lang 2016). The book "The Role of Regions in EU-China Relations", edited by Kamiński, is a comprehensive study of seven EU countries in which he co-authors a chapter on Germany (Kamiński 2021). Together with Joanna Ciesielska-Klikowska he examines Germany's political and economic relations with China, people-to-people exchanges, as well as the role of the regions in the German political system. Another article written by Ciesielska-Klikowska maps the connections between the Chinese and German cities, their areas of cooperation as well as common problems

(Ciesielska-Klikowska 2021). An interesting historical insight into German paradiplomatic activities is provided by Hans Michelmann (1988), who examines the legal position of German regions, their international cooperation, as well as notable persons involved in regional diplomacy.

3. *Framework*

3.1 *Data Collection and Choice of Sources*

There are three main types of sources used in this paper. To build a necessary background and framing for the case study of Łódzkie and Duisburg the first type is analysis of BRI-related news articles, academic papers and books, with special emphasis on sources dealing with the subject of paradiplomacy (especially in the context of the Łódzkie region and the city of Duisburg). These are examined in the “Literature Review” section and later used in the analysis. This allows for the contextual analysis of the topic both from the international, state-centred perspective as well as from the angle of regional/city diplomacy, which is especially important when one considers the possible contradiction of goals from the state level and regional level policies towards the PRC.

The second category is interviews with active and retired officials from the Łódzkie Voivodeship region and the city of Duisburg. These individuals are/were working on drafting or implementing policies towards the PRC in their respective institutions, as well as conducting everyday duties related to the development of contacts with their Chinese partners (as described in the second category of sources). Their experiences and insights are of special importance to this paper, given its main goal of providing the reader with practical input regarding work with Chinese partners. To attain the most reliable and truthful answers, the interviews and personal details of the interviewees were anonymized. This category of sources is also meant to close any possible knowledge gaps that may have arisen after the initial data collection of the second category described above. Three semi-structured interviews were conducted. The first interviewee codenamed “Alpha” is an active civil servant in the City Hall of Duisburg. The second interviewee codenamed “Beta” is a retired civil servant from the aforementioned institution. The third interviewee codenamed “Gamma” is an active civil servant in the Łódzkie region.

The third category is the personal experiences of the author, meaning the observations made during a research trip to the cities of Łódź and Duisburg. During meetings in the City Hall of Duisburg and with the representatives of the Łódzkie region, insights were gained both from active participation in the discussions as well as passive observations of the proceedings. This type of data comes from the interaction with the active officials of the City of Duisburg and the Łódzkie region who are working with Chinese partners from political, academic, and business circles (such as organizing official visits and exchanges, developing formal partnerships, organizing business fairs and meetings, promoting the city/region, business development etc.).

3.2 Choice of Theory

“Chinese leaders leave no doubt about their ambitions to shape the world order, but there is limited understanding of what this entails.” (Mokry 2018)

As the BRI lacks clear, predefined frameworks and guidelines, researchers have relative freedom in pursuing the various angles of analysis and theoretical approaches. Since this paper mainly deals with the political aspect of the BRI, the initiative is examined first and foremost as a geopolitical project influencing not only supranational and state level relations, but also substate contacts. As Sabine Mokry, analyst at MERICS, rightly points out, European policymakers and experts need to be thoroughly prepared for dialogue with their Chinese counterparts and comprehend the concepts behind their worldview (Mokry 2018). Deep understanding of Chinese thinking on the global order and foreign policy is indispensable in devising clear and coherent strategies for engagement with the PRC. This is especially important in the case of the BRI, as it is one of the core concepts in China’s contemporary foreign policy. These notions directly influenced the choice of theory for this paper. The main intent of the author is to embed the analysis in the theoretical framework that can be regarded as “Chinese” and “non-western” in order to present an alternative (to mainstream analyses, as shown in the Literature Review section) point of view on the BRI and, at the same time, introduce readers to concepts utilized by the Chinese intellectual elite. Furthermore, the choice

of theory reflects the intention to explore substate relations with due consideration of its specific circumstances (often described by the source material as “depoliticized” or “business-focused”). As the analysed data shows, the focal point for cooperation is the quality and strength of the relationship and the dynamics of day-to-day business, not so much the geopolitical narratives of state-to-state relations. The analytical framework used strives to emphasize the unique dimension of substate level relations.

3.3 *Relational Theory of International Politics*

The realm of “Chinese” international relations theories generally revolves around four major concepts: tianxia theory, gongsheng theory, moral realism theory and relationality theory (Pendrakowska 2021b). It is important to note that “originality” and “Chineseness” of these theories is subject to debate – Behrendt (2022) notes that the relationality theory used as a theoretical approach of this chapter is essentially the role theory of international relations heavily influenced by the political thought of Oscar Spengler. Similar conclusions are drawn by Hayton (2020) in regard to other concepts, such as the Chinese notions of nation, language and territory, but these digressions go far beyond the scope of this chapter. Nevertheless, to grasp how political meetings shape the development of the BRI and, at the same time, to provide insight into the Chinese way of thinking on this matter, the framework is built upon the “relational theory of international politics” (国际政治关系理论) developed by Qin Yaqing (秦亚青), one of the most prominent Chinese international relations scholars. The core of Qin’s theory is the concept of relationality, understood primarily as a web of relations connecting the actors as well as the context (Qin 2016). Qin believes that

“Identities and roles of social actors are shaped by social relations. No absolute, independent identity of the self exists: It is constructed and reconstructed in relations with others and with the relational totality as a whole.” (Qin 2016)

Furthermore, Qin argues that the primary unit of analysis should not be the actor *per se*, but rather the relations, as the existing actor is simulta-

neously relational (ibid.). The relational theory of international politics also underlines the importance of the “process” as being the key concept of international relations, meaning essentially the “*relations in motion*” (ibid.). This is because

“An actor may start a process and design for such a process to achieve a certain result, but the process, once started, gains its own life through the unfolding and dynamic relations among actors” (Qin 2016),

a notion that is crucial to understand the dynamics of the BRI.

The relational theory of international politics follows the “logic of relationality”. Qin argues that the actor bases his or her actions on relations, especially considering the strength of relationships, which are divided into various categories (friends, close friends, allies etc.) meaning different actions towards these actors are taken based on the degree of closeness (ibid.). Qin states that

“The relational totality constitutes a social context, which shapes and is shaped by, enables and is enabled by, and constrains and is constrained by actors therein.” (Qin 2016)

This notion has two basic implications. First and foremost, the actor acts based on/and in the framework of relations in which he/she exists while simultaneously shaping it. Second, actors use the existing relationship as the instrument to attain their goals, be they immediate or long term (ibid.). Qin believes that relations are power:

“An actor is more powerful because she has larger relational circles, more intimate and important others in these circles, and more social prestige because of these circles. It is not the relational circles themselves but the manipulation of such circles that makes her more able to influence others.” (Qin 2016)

While the use of relations to one’s advantage does not exclude material gains, relational power is more about the ability to grasp, maintain and utilize the more intangible elements of the relationships, for example, the dynamics connected to favours and reputation (ibid.).

These notions directly translate to the concept of “relational governance”, that is essentially the model complementary to rules-based governance, focusing mainly on managing the relationships and social dy-

namics to promote cooperative and trustful relations (ibid.). Trust is the central component of relational governance, directly stemming from the Confucian ethics of constant negotiation, adjustment, and coordination to pursue harmony (ibid.). Perhaps Qin's most profound conclusion is the belief that what ultimately matters are not the actors' individual agendas, but rather the collective harmony that is the ideal order of society. It is important to note that, for Qin, harmony is not uniformity, but the management of relationships in a way that prevents discord and reinforces stability (ibid.).

Qin argues that the relationality concept is uniquely Chinese, constituted by socio-cultural experiences and Confucianism, and differs from Western constructivist thought that fails to emphasize the social processes of interaction (Tze 2019). On the other hand, he also believes that the relational theory of international politics is not strictly limited to the circle of Confucian culture, and can be effectively implemented worldwide, because "*to relate is human*" (Qin 2016).

3.4 Case Study of Łódzkie Region and Duisburg

The rationale behind choosing the Łódzkie region and Duisburg as material for the case study needs to be explained. First, between 2011 and 2013 both were at the forefront of setting up the two direct railway links between the EU and China, namely the Chongqing-Duisburg line and the Chengdu-Łódź line (Jakóbowski et al. 2018). Furthermore, as the CES report highlights, with the current structure of rail links, these two locations often compete for the same freight flows, with Duisburg generally winning the competition because of the 'sub-optimal' tariff situation in Poland (Jakóbowski et al. 2018). Both regions perceive the development of ties with China as a driver of economic growth, however to varying degrees. German expectations are high, and partnerships are strongly supported by political and business circles alike, since both see Chinese investment as a chance to rejuvenate the economically vulnerable region (Pascha 2021). The Polish side is more temperate in its considerations, seeing cooperation with the Chinese as merely one of many partnerships (Anonymous Interviewee Gamma 2021) even though regional authorities want to utilize cooperation to the highest degree possible (Kamiński 2019a). Duisburg and Łódzkie compete with one another when it comes

to handling rail freight from China. In Duisburg, around 25% of EU-China trains are reloaded, representing around 75% of the value of goods, while in Łódź around 25% of China-EU trains are handled, accounting for around 7% of the value of goods (Jakóbowski et al. 2018). It is worth noting, however, that, according to Duisburg officials, Chinese transport represents only 5% of reloaded goods (Round Table in the City Hall of Duisburg 2021).

4. *Analysis*

Relationality is the point of departure for this paper's analysis. The BRI can be described in a multitude of ways, ranging from a web of infrastructural projects and norm setting to an elaborate geopolitical plan, and this work tries first and foremost to examine the impacts of the BRI at regional level. All these dimensions can, and even should, be analysed with relationality as the core concept. The best reason for that is perhaps the speech by President Xi Jinping that inaugurated the format:

“(...) we need to step up policy communication. Countries should have full discussions on development strategies and policy response, work out plans and measures for advancing regional cooperation through consultation in the spirit of seeking common ground while reserving differences (...) we need to increase understanding between our people. Amity between the people holds the key to good relations between states.” (Xi 2019)

Regardless of whether one perceives this proclamation as genuine or merely superficial, analysis shows that the substate dimension of cooperation with the PRC is perhaps one of the most depoliticized and relational ones.

First and foremost, both the Łódzkie region and Duisburg can be classified as entities with a high level of personal contacts among officials. In the case of Łódzkie, the personal engagement of the Mayor of Łódź, Hanna Zdanowska, and the Marshall (head of a provincial-level government) of the Łódzkie Region, Witold Stępień, can be regarded as one of the main pillars of successful collaboration (Kamiński 2019a). Despite political disagreements, both were aware of the strategic importance of personal engagement of local authorities with the Chinese. This belief

materialized in the form of the 2015 visit of the vice-governor of the Sichuan province, Liu Jie, to Łódź, Marshall (head of a provincial-level government) Stępień's high-level delegation to China conducted with the Polish Ministry of Foreign Affairs, as well as participation in international fora such as the Poland-China Regional Forum or the 16+1 Local Leaders Forum (*ibid.*). Furthermore, they believed that engagement with China is an important source of development for the city and the region. The Marshall's Office was able to organize an entrepreneurship support system that involved public and private entities, but also started cooperation with academia, founding a new think-tank (Centre of Asian Affairs) and facilitating academic exchanges (Kamiński et al. 2019). Institutionalized cooperation is also a vital part of Łódzkie's cooperation with China. In 2014 a joint office of the Łódzkie region and the city of Łódź was opened in Chengdu while, in 2015, an office of the Sichuan province was opened in Łódź (Kamiński 2019a). Initially created as a tool to facilitate administrative contacts and promote business contacts, they can be regarded as one of the developments that led to an official partnership agreement between the Łódzkie region and the Sichuan province signed in 2016 (Kamiński 2019a).

In the case of Duisburg, bilateral contacts started as early as 1978, and the first official (twinning) partnership between cities of the PRC and Germany was signed in 1982 between Duisburg and Wuhan (Pascha 2021). The contacts are relatively stable, and in 2018 alone more than 60 Chinese delegations composed of Chinese state and provincial officials, business leaders and high-ranking diplomats, and even the PRC president Xi Jinping himself, visited the city (Anonymous Interviewee Beta 2021). The officials from Duisburg City Hall also stress the importance of personal contacts with the Chinese authorities and businesspeople, which was also the reason for the creation of a unique post of China Representative of the City of Duisburg and the China Relations Department in the Mayor's Office (Round Table in the City Hall of Duisburg 2021).

In the case of the Łódzkie region, the beginning of the business and political contacts with the Sichuan province dates back to the establishment of the first direct rail link in 2013 and is marked by the political meeting of Chen Zhongwei from the city of Chengdu (responsible for logistics) with the Łódzkie Marshall Witold Stępień (Kamiński 2019a). From the relational perspective, this can be regarded as a cornerstone of future cooperation. The BRI framework, imposed on the Chinese substate

administration as a top-down concept (and in the case of Duisburg, even with personal attention from the supreme leader Xi Jinping) created a context for the development of relations with international partners. In this context, the development of business links is facilitated by personal connections. Most importantly, the contacts are initiated by the high-level officials, which serves a dual purpose. First, the personal involvement of prominent public figures is an important step in establishing trust between partners, and thus creating an environment that will promote cooperative and strong relationships. Endorsement by state officials is seen as a “seal of approval” and can greatly influence businesspeople’s decisions to engage in contacts with international partners (Anonymous Interviewee Gamma 2021). Second, they are essential in the future utilization of the relations to attain personal goals, policy objectives and other potential advantages. The high-level meetings lay the foundations for future development and set the “relations in motion” a process that encompasses not only the lower administrative levels, but also the business community and academia. They can be essentially labelled as the groundwork for the relational governance model.

High level contact initiations are merely the beginning of the relational model in the substate BRI environments. The next step is the institutionalization of the relations and relational governance, a feat that has been accomplished by the creation of the Łódzkie region office in Sichuan (with reciprocity) and the creation of the China Representative post and China Relations Department in the City Hall of Duisburg. As the official contacts are already established, this trustful atmosphere is now the basis for business development. Both the European and the Chinese sides believe the established relations can bring tangible benefits, and thus develop the framework that can serve to maintain relations and bring about substantial benefits. In the case of Łódzkie, the office was set up primarily to promote Polish companies in Sichuan and facilitate their business contacts with China. In the case of Duisburg, the institutionalization of contacts with China was done primarily to alleviate the economic problems of the region and promote the creation of new jobs for the local population (Anonymous Interviewee Alpha 2021). The creation of two entities tasked with China relations is a push towards meeting these objectives by means of close cooperation. Apart from the aforementioned “seal of approval” from state and party officials, the institutionalization of relations significantly helps in conducting day-to-day business, as personal con-

nections can help in assuring fast customs clearance, effective troubleshooting, and better business conditions for companies (Anonymous Interviewee Gamma 2021). The root cause of this situation is the characteristics of the Chinese political system. As interviewee Gamma notes, unlike in Europe in China politics and business are strongly related. Even if officially the local government cannot enforce or shape certain actions by the business community, in reality it wields a lot of power over the local economy. This in turn means that the better the relations with the political apparatus are, the better the economic side of cooperation works.

The disparity of potentials plays a major role, as the Chinese provincial government has more manpower and funds at its disposal than a Polish voivodeship (the highest-level administrative division of Poland), thus often making it hard for the smaller entity to effectively respond to all initiatives and communication coming from China (Anonymous Interviewee Gamma 2021). Furthermore, the financial disparity also makes it harder to maintain constant funding (used for delegations, salaries, event organisation etc.) for cooperation with China, as this area is just one of the responsibilities of the substate level authorities (Anonymous Interviewee Gamma 2021). While financial conditions are a big obstacle, the utilization of the relational governance model can, to some extent, mitigate the disparity between the players. Maintenance of cordial and trustful relations works well within the framework of logic of relationality. As the players perform their actions based on the strength of relations, the better the personal relations are between officials, the easier it is to manage the physical obstacles in the form of distance, available resources, and manpower. As interviewees Gamma and Alpha note, a knowledge of Chinese language and culture coupled with familiarity with local law and customs is crucial for the development of fruitful contacts (Anonymous Interviewee Alpha 2021). Furthermore, the overall attitude towards cooperation is also very important, as the mere readiness to negotiate and talk already puts the partner in a better light (Anonymous Interviewee Gamma 2021). While the relational part of the cooperation between Chinese and European entities needs to be supported by financial assistance to bring the best results, the experience of both Polish and German officials shows that intelligent management of personal relations is just as important as the available resources.

The relational governance at subnational level is not devoid of state-level and supranational level obstacles. The narratives of the political clash

between China and the Western world, portrayals of the BRI as a geopolitical project and tense relations between national governments and international organisations pose challenges to the reception of the sub-national contacts. While both Polish and German officials perceive inter-regional relations as highly depoliticized and business-focused (Round Table in the City Hall of Duisburg 2021) (Anonymous Interviewee Gamma 2021) it is important to note that the data obtained shows significant discrepancies in their approach to the questions about the influence of a higher-level political agenda.

In the case of Łódzkie, interviewee Gamma acknowledges that what is a viable political agenda for the region may not necessarily be beneficial for the whole Polish state, as the BRI framework is convergent with the voivodeships' interest and is used in a pragmatic way to develop contacts (Anonymous Interviewee Gamma 2021). On the other hand, he notes that, even though there is no requirement to coordinate the voivodship policy with the Ministry of Foreign Affairs, Łódzkie consults the state authorities when in doubt about the political consequences of Chinese proposals. Both the voivodeship and the Chinese partners are aware of the geopolitical circumstances and do not try to "try their luck" by using politically risky manoeuvres (Anonymous Interviewee Gamma 2021). Furthermore, he notes that it is the role of regional government to be "more friendly" than state government, but, at the same time, regional government "cannot cross" state policies (Anonymous Interviewee Gamma 2021). As Gamma explains, both sides believe that the state level situation "is not their war", hence the precedence of business and personal contacts. He also notes that the worst possible situation for cooperation under the BRI framework would be the need for Poland to align firmly either with the USA or the PRC, and the vaguer the situation is in this regard, the better for Sino-Polish regional cooperation (Anonymous Interviewee Gamma 2021).

It is also important to note that the situation complexity rises because of the conceptual ambiguity of Sino-Polish relations on state level, as they are developed in bilateral format, through the 17+1 platform, through the EU's policies and through relations developed by the BRI format (Pendrakowska 2018). This in turn contributes to the vagueness and fuzziness of the current state level policies towards the PRC, which can ultimately have a negative impact on the flow of information between central and substate level authorities. The best example of this problem is intro-

duced by Pendrakowska (2021a): in 2017 the Polish Minister of National Defence, Antoni Macierewicz, blocked the sale of land that was intended to serve as a place to build a logistics hub under the BRI label, which negatively impacted the substate level relations between the Łódzkie voivodeship and its Chinese partners. This points to the shortcomings in the policy coordination between state and substate level authorities.

The authorities of Duisburg also share the belief that substate cooperation is detached from “grand politics”, but, at the same time, steer clear of any questions and responses that might be regarded as politically incorrect: they generally label cooperation under the BRI framework as “win-win cooperation”, just as in the Chinese narration (Round Table in the City Hall of Duisburg 2021; Xi 2019). At the same time, they do not regard regional cooperation as being (even incidentally) contradictory to state level policies, but rather as a reinforcement to them (Round Table in the City Hall of Duisburg 2021; Anonymous Interviewee Beta 2021). When asked about obstacles and difficulties in cooperation, they focus primarily on administrative level problems related to relocation procedures and government services (e.g., education, health services) (Anonymous Interviewee Alpha 2021). Interviewee Beta also notes

“Unlike in China, German local government agencies are usually not direct economic partners for Chinese companies, as they are limited both in their economic activities and in their financing options. Here they are also subject to municipal supervision by the Minister of the Interior and the district government exercising them.” (Anonymous Interviewee Beta 2021)

German officials seem unwilling to admit that personal connections play any part in the fostering of economic relations between German and Chinese regions or cities.

From the relational perspective, German and Polish perceptions deliver interesting conclusions not only for dealings with the Chinese, but also with their respective state level authorities. First and foremost, the European substate authorities acknowledge that regional relations are subordinate to state policies not only *de jure* but also *de facto*. The state can be regarded as a provider of context in which the substate relations are created and maintained. It seems that relations between substate government and state government can be generally described as being of a top-down nature, without too much influence from the substate level on na-

tional policies. This indeed creates a context where regional relations can be effectively framed as “depoliticized” and focused primarily on personal relationships and business, as the substate governments of Łódzkie and Duisburg do not partake in conceptualization of state level foreign policy.

The model of relational governance seems to be present in both cases, not only because of the frequent meetings between officials, but also because of a relatively high degree of formalization – both Łódzkie and Duisburg are unique in having either offices (bureau of Łódzkie in Chengdu) or departments (Duisburg’s China Relations Dept.) dedicated solely to Chinese affairs. The institutionalization of the relational governance not only provides tangible results in business (smooth work of bureaucracy, official “validation” of companies, ease of making new contacts between businesspeople etc.) but also seems to mitigate the relative disparity of potential issues to some degree. This proves that the logic of relationality – where personal contacts are a basis for cooperation in various areas – is present in Sino-European substate level relations under the BRI framework.

5. Conclusions

5.1 Discussion

Even though the relational theory of international politics is currently on the fringes of theoretical frameworks used to analyse the Sino-European relations under the BRI framework, it nevertheless provides a very practical perspective on how the management of relations and trust can greatly influence substate cooperation. First and foremost, it uncovers cultural and psychological differences between the European and Chinese stakeholders and allows the mapping of both opportunities and obstacles embedded in interaction between the two sides. The institutionalized relational governance seems to be a model benefiting not only Chinese, but also European players. It is especially evident in the case of disparity of potentials, where the relational governance model allows the partner with the weaker *resource base* (manpower, funds) and fewer prerogatives (meant as the ability of the substate government to enforce its policies both in the administrative and business setting) to maintain relatively stable and prospective cooperation based on personal relations.

The relational approach to Sino-European cooperation poses a great opportunity to academics and practitioners alike, allowing them to acknowledge the Chinese perspective more easily. The advantages of such a shift lie not merely in the more efficient cooperation between business entities or substate institutional frameworks but also encompass state-to-state relations and supranational entities. The change of the unit of analysis from player to relation allows one to better understand the dynamics behind the policymaking and decision-making processes, especially when one considers the different governance models utilized in the Western world and in China. Polish and German experiences in the BRI framework at subnational level seem to indicate that relationality is the key driver behind successful cooperation and effectively mitigates other obstacles present in Sino-European relations. Broader recognition of this model can bring tangible benefits to the process of creating effective policies towards the PRC.

5.2 Limitations

While this chapter proves that the logic of relationality is a concept that can be effectively used in relations in the BRI framework and beyond, it is important to note that both Duisburg and Łódzkie are generally attractive to the Chinese because of their potential in the European node of the BRI (Jakóbowski 2018). This means that Chinese engagement with the substate governments of both regions may be subject to different treatment than places perceived to be “less important”. Furthermore, the author acknowledges that even though he made every effort to ensure the honesty and openness of the interviewees, the interviews may not have grasped further goals and behaviours of substate level authorities of Duisburg and Lodzkie.

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Dynamics and Developments of Chinese M&A Transactions in the Wake of the BRI

A Comparison of Germany and CEECs

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1. Introduction

At a recent conference in London, the Lithuanian prime minister explained her country's decision to leave the Belt-and-Road-Initiative (BRI) and the 17+1 Forum (now 16+1) between seventeen Central and Eastern European countries (CEEC) and China. The main argument she pointed out for this decision is that, while it seemed promising in the beginning, it did not provide the expected economic returns – hitting a raw nerve. Since China has intensified its investment in the world economy through the BRI, the question of China's economic influence and geopolitical agenda has been the subject of repeated media and academic debate to which there has been no definitive answer to date. This chapter sheds light on Chinese Merger & Acquisition (M&A) activity in Europe, by means of a comparison of the respective dynamics in the 17+1 countries and Germany. While doing so, we focus our investigation on four relevant fields to provide a holistic perspective of the topic. Firstly, we explore the differences in size and sheer number of Chinese M&A investments in Germany and the CEEC. Secondly, we examine the past and present investment volume and contrast it to the belief held, especially in Western European media, that “China buys out CEEC” (Brinza 2020; Höhler & Gruber 2017). We incorporate this area of investigation into the larger context of the BRI, uncovering the dynamics of this initiative over time.

Thirdly, the determinants for the different investment behaviour regarding the targeted industries are assessed. Finally, we examine post-merger company development in both targeted regions.

We build on the growing body of research trying to categorise Chinese M&As in contrast to traditional M&A theory (Buckley et al. 2009; 2018; Child & Rodrigues 2005). Until recently, the latter has mainly looked at foreign direct investments from highly industrialised nations rather than outflows from one emerging market to another. We contribute to the literature by comparing a heterogenous country sample and adding insights about dynamics, similarities, and differences in the context of the BRI. Additionally, through our mixed methods approach we are able to add a diverse set of opinions from the business world and from academia from Germany, Central Eastern Europe and China. Finally, to the best of our knowledge, we provide one of the first pieces of academic research to investigate Chinese M&A activity in the wake of the COVID-19 pandemic.

We employ a modern mixed methods approach to capture this complex topic. Using a sequential explanatory mixed methods research design, we first analyse deal-level data from the Thomson Reuters M&A transaction data base. In the second, qualitative, step, we discuss the results from the quantitative analysis with a group of experts in this field, both from business and academia. The chapter is further structured as follows: In the second section, we review the existing literature and identify the main areas of interest that we further investigate. Section 3 contains the methodology and an overview of our data. In section 4 we present our results in both quantitative and subsequent qualitative expert interviews. Section 5 includes the implications and conclusion.

2. *Literature Review*

The Belt and Road Initiative (BRI), also known as the New Silk Road, represents the largest global investment in Chinese history and in recent times in total. Announced by China's President Xi Jinping in October 2013, it aims to form a network for economic cooperation by creating trust with its partner countries, economic integration, new trade ties and cultural convergence (Pan et al. 2020). As of December 2021, it includes

146¹ countries in Southeast Asia, East Asia and Pacific, Middle East and North Africa, Sub-Saharan Africa, Latin America and Caribbean as well as Europe and Central Asia. With the biggest share of those countries categorised as developing countries and emerging markets, one of the main foci lies on providing infrastructure as the “foundation of development through cooperation [...]”, according to President Xi himself (Bluhm et al. 2020). However, the project further entails massive amounts of investments in non-infrastructure sectors in the partner countries. Du and Zhang find that, overall Chinese Outward Direct Investments (ODI) increased rapidly following the announcement of the BRI, including greenfield investments and M&A activities by Chinese firms (Du et al. 2016). The following section will give an overview of the existing literature assessing the motivation and location choices of Chinese M&As as a distinctive form in the field of Foreign Direct Investments (FDI).

The traditional theory on FDI presents two main motives for companies investing abroad (Buckley et al. 2009; Buckley & Casson 2003): Firstly, to internalise imperfect external markets, meaning to replace components of incomplete markets through products and knowledge. Secondly, to choose a location where the overall cost of production can be reduced. However, Buckley et al. (2009) suggest that M&As from emerging markets with particular imperfect domestic markets may require an adjustment of these two components of mainstream theory since most of this strand of literature refers exclusively to FDI from highly developed economies. The traditional Dunning eclectic paradigm of FDI proposed three motivations for the choice of location: 1. Foreign market seeking FDI, 2. Efficiency seeking FDI in terms of cost reduction and 3. Resource seeking FDI, including strategic asset seeking FDI (Dunning 1980). Furthermore, the comprehensive literature on FDI suggests a long list of factors influencing cross-border M&As such as access to resources and technology, geographic proximity, bilateral trade, quality of discounting disclosure (Erel et al. 2012; Fuest et al. 2022), financial market development, common cultural characteristics, political stability and institutional capacity (di Giovanni 2005), shareholder protection and governance (Kim

¹ As of December 2021, according to www.yidaiyilu.gov.cn. The countries have joined the Belt and Road Initiative (BRI) by signing a Memorandum of Understanding (MoU) with China

& Lu 2013), regulatory circumstances (Alimov 2015) or taxes (Huizinga & Voget 2009).

The rise of Chinese ODI raises the question whether the classical theories of M&A are applicable to the investment characteristics of Chinese multinational enterprises (MNEs) or whether an extension of the theory to incorporate a distinctive Chinese approach is necessary. While Fuest et al. (2022) describe a lack of systematic analysis that assesses the patterns of Chinese cross-border M&A relative to greenfield investment, we found a growing body of work assessing its determinants. The first theoretically based empirical analysis was done by Buckley et al. (2009) applying the mainstream theory explaining FDI from industrialised countries to emerging markets country context by using a company-level data set from 1984-2001. They find a positive association between Chinese M&As and the host market size, the proportion of ethnic Chinese population in the host country, the exports of the host country as well as a positive relation between liberalisation policies in China and ODI. The results remain constant in a subsequent study conducted where they further highlight the importance of natural resources, the GDP growth rate in the host country (Buckley et al. 2016; 2018). In comparison to other investors, Chinese M&As do not decrease in light of a poor record of political institutions and political risks (Buckley et al. 2016; 2018; Child & Rodrigues 2005; Kolstad & Wiig 2012). Buckley et al. (2016) describe the fact that China invests in countries with less governance as “perverse behaviour”. However, Fuest et al. (2022) use deal-level data to not only examine country-level but also target-level characteristics of Chinese overseas M&A and a logit model and find that Chinese MNEs seem to be less concerned about market size, conduct more deals in investment hubs and target companies with lower profitability, more assets, higher level of debts and more patents. Additionally, they determine a difference between the investment behaviour of state-owned enterprises (SOEs) and private companies. Additionally, Fuest et al. (2019) present results about the post-merger performance, which seemingly differ from other investors: the growth in measures of capital productivity, defined as the ratio of turnover and value-added to total assets, is lower in Chinese acquired firms as the investing firms seem to acquire to invest more briefly after the takeover. We find a gap in the systematic analysis of post-merger performance of Chinese acquisitions and cannot provide further comparisons.

Regarding the dynamics of Chinese M&As, while the number of projects and investment volume saw a rapid rise after the announcement of the BRI largely driven by strong state and government support (Du et al. 2016), there was a decline in 2018 and 2019 (Garcia-Herrero & Xu 2021). This slowdown was already present before the beginning of the Covid-19 pandemic due to restrictions on “unreasonable” capital outflows by the Chinese government. Li notes that the M&A deal values were the lowest in 2020 since 2010 (Li 2021). While ODI is distributed all over the BRI partner countries, Garcia-Herrero and Xu (2021) find that the largest number of completed M&A deals are in the European Union. The sectoral concentration is mainly in energy and power and industrials, closely followed by high technology and financial services, with a distinction between SOEs and private companies. While the latter primarily invest in the industrial and consumer sectors, Chinese SOEs prefer the resource and infrastructure sector (ibid. 2021). Du and Zhang (2018: 190) note that these findings “are largely consistent with the trend of industrial diversification in the overall structure of target industries of China’s overseas acquisitions”. The varying outcomes are due to the fact that some datasets use the announcement date and some use only the completed deals, which can sometimes be months, if not years, apart, according to Li (2021) and Kolstadt and Wiig (2021).

Based on the literature review we focus on four specific areas of investigation that we consider to be crucial for an assessment of the topic: First, we want to uncover differences between general M&A activity in Germany and the 16+1 CEE countries. Second, we will focus on the BRI and examine the progress of the initiative, as well as potential future developments. Third, we want to investigate whether there are specific sectoral differences between the two regions investigated. Finally, we want to shed light on M&A activity from a cultural perspective, i.e., whether there are differences in further corporate developments rooted in varying perceptions of Chinese M&As in Germany and the 17 CEECs studied.

3. *Methodology & Data*

The availability of data on Chinese M&A activities in Europe, and in particular the density of data providing information on long-term effects, is limited. In addition, changes in the legal form and the associated delisting

which can occur after completed takeovers further restrict the data density. To overcome weaknesses resulting from the quantitative data situation and to combine the strengths of quantitative and qualitative research, a mixed-methods approach is applied. This approach is particularly useful when complex contexts are to be explored and neither a quantitative nor a qualitative approach alone is sufficient to draw a comprehensive picture (Morse 2016).

For our research we have opted for a sequential explanatory research design, i.e., we conduct a theoretically driven quantitative core component, which is complemented by a qualitative supplementary component (Ivankova et al. 2006). A challenge of this specific mixed-methods approach is a prior definition of the weighting given to the individual phases. In this study, the focus is on the quantitative phase. This first step of the analysis will uncover interrelations in the previously defined fields of investigation. Finally, the qualitative phase should further illuminate the correlations found from a different perspective.

As a quantitative basis, we use the Refinitiv Eikon M&A database with more than 1.1 million entries since the 1970s (Refinitiv Eikon 2021). We filter for transactions where the acquirer is based in Hong Kong or the PRC while the target is headquartered in one of the 17 China-CEEC countries or in Germany. We only include transactions from 2013 onwards, as the BRI was officially announced in that year. Our final dataset therefore consists of 373 transactions conducted between January 2013 and October 2021. In our data, there are no transactions where the target is headquartered in Bosnia and Herzegovina or Montenegro, leading to 15 CEECs out of which the transactions originate. The quantitative evaluation is mainly based on the following procedures: First, we calculate percentage indices in order to compare Germany and the 15 remaining CEECs, especially with regard to the temporal and sectoral perspective. Second, we compare the stochastic moments, in particular mean, skewness and kurtosis in the context of the perception of M&A activity. In particular, to perform the regional comparison, we also evaluate simple absolute and GDP-weighted relative values (The World Bank 2021).

In our qualitative, supplementary component, we rely on semi-structured expert interviews. In these interviews, we focus particularly on the results found in the quantitative component. The aim is to obtain an assessment from the experts on the results found and thus either to strengthen them or to uncover weaknesses in the quantitative analysis. We conduct

semi-structured interviews with experts who are academically engaged or have exceptional professional expertise. Our academic experts are studying Chinese activities in relevant research institutions and have a doctoral degree as a minimum. The interviewed professionals are high level managers and have been in contact with Chinese investors for years, making their experience crucial to relate them to a purely practical scale in business relations. Our expert sampling is done intentionally, i.e., we select the experts according to their know-how. We pay attention to corresponding academic (at least PhD) or exceptional professional expertise. The case selection is diversely based on the criteria: business vs. academic and Eastern European focus vs. German focus. Within this diversity, we try to choose cases that are as typical as possible for the individual dimensions. Due to the political relevance of the topic, we have assured our experts of anonymity. The interviews follow a three-part scheme: First, we ask for a general assessment of the situation regarding Chinese M&A activities in Europe without biasing the experts with previous results. This is followed by questions corresponding to the four specific areas of investigation to gather the experts' perception. Finally, in the third section of our interviews, we confront our experts with the results of the quantitative analysis. We use a qualitative codification scheme to evaluate the experts' statements. The respondents, when confronted with the results, reacted uniformly and were aware of the phenomena taking place. A descriptive overview of the selected experts can be found in Table 1. The analysis of the interviews was conducted with the help of a codification system, classifying the key statements and the density of their occurrence.

Table 1: Overview of the Experts

	Position	Justification
Expert 1	Managing Director, Strategic Investment and Government Affairs at one of the world's biggest law consultancies.	Fifteen years of work experience in Poland (CEE), both for Chinese companies and the Polish Investment and Trade Agency. Currently helping Chinese firms to invest in Europe.
Expert 2	Coordinator at the Kiel Centre for Globalization	Academic research focusing on development and consequences of FDI and global supply chains, as well as the determinants of Chinese innovation activities. Working at one of the biggest and most prestigious economic think tanks in Germany.
Expert 3	Head of Corporate Relations in CEE for the Bank of China	Held various positions in the field of Chinese-Eastern European relations, e.g., Diplomat Polish Embassy in Beijing (Economic Department), President of the Forum Asia Pacific, Polish Information and Foreign Investment Agency, Assistant to the Chairman of Polish-Chinese Parliamentary Group, member of the Chinese Investment Working Group (Ministry of Economy), helping to attract Chinese companies to invest in CEE countries. Additionally, he is a lecturer at the ZPP University in Warsaw.
Expert 4	Senior Research Fellow, Polish Institute for International Affairs	Former Diplomat at Polish Embassy in Beijing, author for CHOICE China Observers. Research focus on Chinese politics and its influence in CEE.

Source: Own table.

4. Results

4.1 Quantitative Results

Beginning with the quantitative assessment, we first examine the general M&A activity in the two regions being investigated. For this purpose, we present absolute numbers as well as GDP-weighted relative results. The results can be found in Table 3.

Table 2: Calculation of GDP-Weights

	2013	2014	2015	2016	2017	2018	2019	2020
GDP values of the CEEC over time (in USD billion)								
Albania	10.95	11.14	11.39	11.76	12.21	12.70	12.97	12.46
Bulgaria	48.63	49.10	50.78	52.33	53.77	55.21	57.44	54.92
Croatia	49.10	48.93	50.16	51.94	53.71	55.27	57.19	52.56
Czech Republic	174.47	178.42	188.03	192.80	202.77	209.26	215.59	203.10
Greece	195.06	195.99	195.60	194.65	196.78	200.06	203.67	185.30
Estonia	21.81	22.47	22.88	23.60	24.97	26.00	27.07	26.27
Hungary	115.85	120.74	125.21	127.95	133.42	140.57	146.97	140.10
Latvia	25.74	26.23	27.25	27.90	28.82	29.97	30.72	29.60
Lithuania	39.21	40.60	41.42	42.46	44.28	46.05	48.16	48.09
Poland	443.41	458.39	477.81	492.82	516.63	544.29	570.12	555.63
North Macedonia	9.35	9.69	10.06	10.35	10.46	10.76	11.19	10.60
Serbia	39.58	38.95	39.66	40.98	41.84	43.72	45.62	45.18
Slovenia	41.02	42.16	43.09	44.47	46.61	48.67	50.25	48.12
Slovak Republic	81.98	84.21	88.60	90.31	93.00	96.53	99.05	94.73
Romania	166.62	172.63	177.73	186.09	199.71	208.64	217.38	208.84
Calculation of Weights								
Sum of GDP for CEEC	1462.77	1499.64	1549.69	1590.42	1658.98	1727.71	1793.37	1715.52
German GDP	3235.41	3306.90	3356.24	3431.08	3523.04	3561.30	3598.89	3434.44
Percentage Value of German GDP	45.2%	45.3%	46.2%	46.4%	47.1%	48.5%	49.8%	50.0%
Weight	2.21	2.21	2.17	2.16	2.12	2.06	2.01	2.00

Source: Own table.

We exclude the data for 2021 here, as we rely on complete, yearly data in this step. A simple comparison (column 1) reveals a clear surplus of M&A transactions for German firms compared with CEEC firms. These figures suggest increased activity in Germany but are difficult to compare owing

to the different economic strength of the countries surveyed. However, the results are confirmed by the GDP-weighted number of transactions (column 2). In addition to the absolute number of transactions, we also examine the monetary value of the transactions, again in absolute terms and GDP-weighted values (columns 3 & 4). The values are based on 98 transactions in Germany and 40 transactions in the CEEC available in the dataset. Again, there is a strong overhang in Germany, which is also confirmed by the GDP-weighted values.

Table 3: Comparison of the General Chinese M&A Activity in Germany and the CEEC

	Germany	CEEC	Absolute Deviation	Relative Deviation
Number of Transactions	261	87	174	300.00%
Weighted Number of Transactions	261	184	77	41.90%
Aggregate Deal Value (in € million)	21004.95	4597.11	16407.84	456.92%
Weighted Aggregate Deal Value (in € million)	21004.95	9656.62	11348.33	117.52%

Source: Own table.

Overall, our quantitative results suggest that there is disproportionately stronger M&A activity in Germany than in the CEEC. Interestingly, this result is robust to GDP-weighting, indicating, that the overhang in Germany cannot solely be explained by economic power.

In the second step of our quantitative analysis, we investigate the temporal dynamics of M&A activity. Based on the finding of the imbalance of activity between Germany and the CEEC and for the sake of a concise presentation, we calculate relative indices. The exact calculation can be found in Table 4.

Table 4: Absolute Values for Transaction and Deal Value Indices

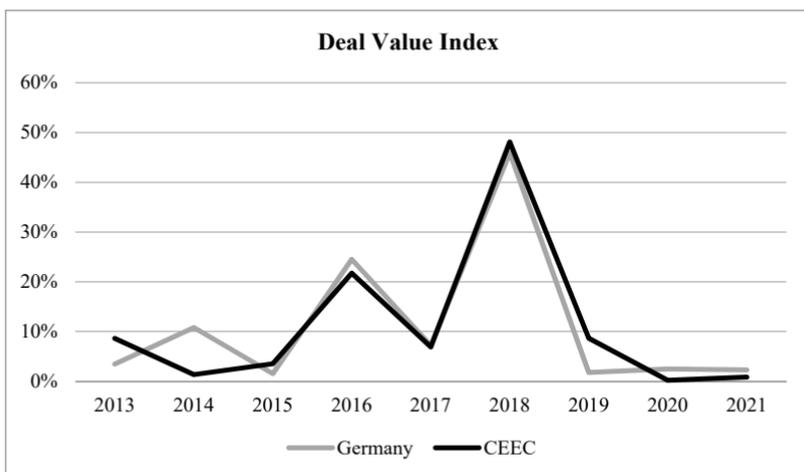
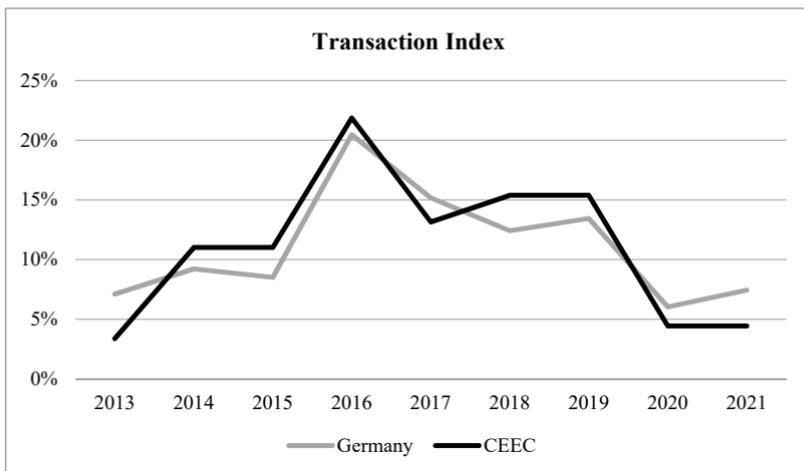
	Number Germany	Number CEEC	Deal Value* Germany	Deal Value* CEEC
2013	20	3	744.02	399.76
2014	26	10	2322.07	63.04
2015	24	10	329.33	163.82
2016	58	20	5277.57	1008.11
2017	43	12	1551.78	320.18
2018	35	14	9871.09	2230.43
2019	38	14	378.96	401.86
2020	17	4	530.13	9.90
2021	21	4	491.38	38.43
Sum	282	91	21496.33	4635.54
* Deal values are given in USD million. The index values are percentage values of the absolute values respective to the summed-up values				

Source: Own table.

We calculate an index for the absolute number of transactions (per year) and an index for the aggregate deal value (per year), to capture the activity from several perspectives. The indices' development is presented in Figure 1. Looking at the results, it can be said that the dynamics of M&A activity in both regions are very similar. There are no significant differences between Germany and the CEEC, neither in the transaction index nor in the deal value index.

Looking at the progression of the indices, we can see a stagnation between 2013 and 2015, followed by a sharp increase as well as a peak of activity between 2016 and 2018. Differences between the indices appear during the peak of activity. The Transaction Index places the strongest activity in 2016, while the Deal Value Index places the strongest activity in 2018. Generally speaking, the peak of BRI activity between 2016 and 2018 is in line with the literature. With the onset of the coronavirus pandemic, early 2020 is associated with a massive reduction in M&A activity, which is also reflected in the indices. For 2021, which is not fully represented in our sample, there are signs of a slight recovery for transactions in Germany, but without reaching the pre-corona level.

Figure 1: Transaction and Deal Value Comparison Over Time

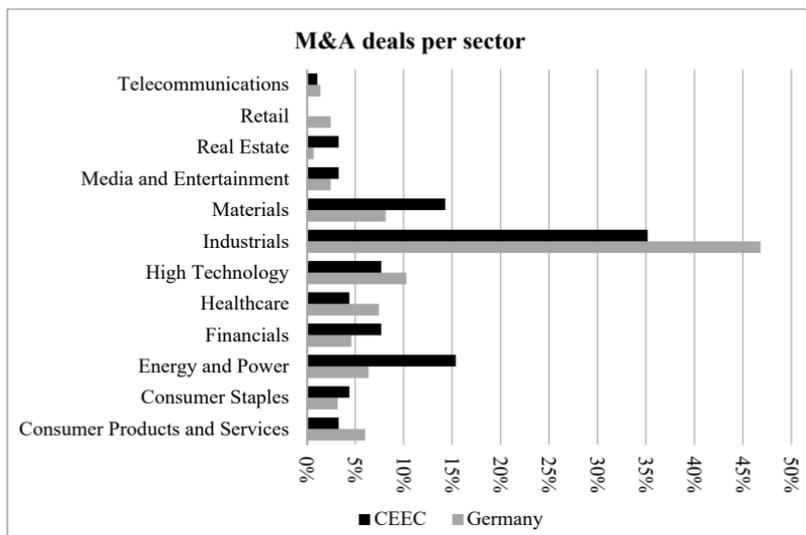


Source: Own illustration.

The third area of investigation looks at sectoral differences between the M&A activity in Germany and the CEECs. For our analysis we use the classification of the target macroindustry. The target companies are assigned to one of twelve possible categories. We only use the number of transactions as for the deal values, we did not obtain enough data for the

sectoral split. In our sample, except for the Retail category, transactions from every category occurred in both regions. Again, we calculate relative values to account for the general differences regarding the transactions. The absolute values can be found in Table 5.

Figure 2: M&A Transactions per Sector



Source: Own illustration.

Table 5: Absolute Values for Calculation of Sectoral Distribution

Sector	Germany	CEEC
Consumer Products and Services	17	3
Consumer Staples	9	4
Energy and Power	18	14
Financials	13	7
Healthcare	21	4
High Technology	29	7
Industrials	132	32
Materials	23	13

Media and Entertainment	7	3
Real Estate	2	3
Retail	7	0
Telecommunications	4	1
Sum	282	91

Source: Own table.²

When examining the results, broad similarities but also some relevant deviations can be found. Firstly, for both regions, most of the target companies are active in the industrials sector. However, the share of transactions targeting the industrials sector is significantly higher in Germany than in the CEEC. Secondly, in the CEEC countries the shares of transactions targeting the materials and the energy and power sectors are significantly higher than in Germany. Finally, for the other sectors, no relevant deviations can be found. No specific sectoral focus of M&A transactions can be identified from this result. Rather, it appears that the transactions are broadly spread to target the strongest companies, with differences in the targeted sectors based on economic differences in the countries surveyed.

Finally, in our fourth area of investigation we aim to shed light on the public perspective of Chinese M&A transactions and possible regional differences. As we cannot measure these perceptions directly, we use the change in enterprise value as a proxy,

$$\Delta \text{Value} = \text{Value at announcement} - \text{Value at effective date.}$$

This approach allows us to gain insight into investor sentiment regarding the takeover, as there is no relevant business activity by the acquiring investors in this short time period. Similar to the Deal Values, we cannot rely on holistic information in this case, i.e., we have to overcome the issue of missing values. After excluding all the missing entries, a sample of 18 CEEC-located and 45 Germany-located M&A Transactions remains. For the sake of robustness, we also present extreme value-adjusted data.

² The index values are percentage values of the absolute values respective to the summed-up values

Nearly all of the Δ Value entries are located in the range between -73.61 and 93.60^3 , except two transactions in Germany which we exclude from our analysis^{4,5}. We further exclude one case from the CEEC sample as its absolute value is three-times higher than the second highest absolute value in this sample⁶. We calculate mean, median, skewness and kurtosis for the samples of both regions. The results can be found in Table 6.

Table 6: Statistical Results for Company Value Development

	Germany	CEEC	Germany (adjusted)	CEEC (adjusted)
Mean	-35.07	4.18	-0.69	-1.08
Median	-0.13	-0.35	-0.12	-0.36
Skewness	-5.55	3.01	-0.01	-0.16
Kurtosis	32.48	11.17	7.61	0.57
N	45	18	43	17

Source: Own table.

When investigating the results, it can be seen that both samples are highly sensitive to the extreme values we adjust for in a second step. The extreme-values cause a left-skewness for the German sample as well as a right-skewness for the CEEC sample. When examining the adjusted values, the differences vanish for the mean, median and skewness, indicating that no significant disparities in the perception of Chinese M&A

³ Values are given in USD million

⁴ The first case (USD $-1,108.40$ m) we exclude is Kion Group GmbH. The listed transaction occurred in the course of the IPO and the associated restructuring on June 28, 2013. The losses can be, at least in part, attributed to the accounting effects of this IPO.

⁵ The second case (USD -440.32 m) we exclude is the Hanwha QCells Investment Co Ltd. After an insolvency in 2012, QCells was part of the Hanwha Group. The transaction in 2014 was a reorganization within the Group which shifted the company's focus from Germany to Asia.

⁶ The third case (USD 93.60 m) we exclude is the Independent Power Transmission Operator SA. The Greek bailout agreement of 2015 included the privatization of this company.

activity occur between Germany and the CEEC. However, it can be noted that the mean and median values are both negative. This deterioration in the value of the company may be related to a generally negative perception in both regions. The deviation in kurtosis indicates that, in the German sample, fat tails occur. Without exactly knowing the reason for this from the data, it can be hypothesised that the nature of the M&A investor can exhibit stronger positive/negative effects in Germany.

Looking at the results, despite the heterogeneity of the country sample, some strong findings for the qualitative supplemental study can be drawn. First, the quantitative results suggest far stronger Chinese M&A activity in Germany than in the CEEC. This result is highly robust to GDP adjustment. Second, we find evidence of a maximum in investment activity between 2016 and 2018 without any difference between Germany and the CEEC. Third, the industrial sector is the most important target for Chinese M&A transactions in the countries investigated. We further see some sectoral differences in the targets between Germany and the CEEC. Fourth, there is weak evidence that the perception towards Chinese M&A activity is slightly negative in the investigated countries. There might be differences between Germany and the CEEC, leading to a more negative perception in Germany.

4.2 *Qualitative Results*

Subsequent to the quantitative analysis, we conducted interviews with experts from business and academia both in the CEEC as well as in Germany. While conducting this analysis, we do not distinguish between the national and professional backgrounds of the experts as described earlier in the methodology section.

All experts emphasise the special characteristics of Chinese M&As in comparison to traditional assumptions about M&A. Our results suggest that the Chinese model presents “a hybrid model of investments” as the decision-making by Chinese firms to invest abroad is not solely based on the maximisation of economic factors for each company but also derived from domestic government policies (Expert 1). Expert 1 states “the [Chinese] government does not completely determine the way but it’s quite clear what is wished by the government and what is not” (Expert 1). The Chinese governmental interests are twofold: Firstly, from a diplomatic

perspective to have “stable and good relations with the European Union” and to use CEEC to “build a bridge between Europe and Asia”. Throughout our interviews the duality of political and economic determinants was explicitly mentioned at least three times. Therefore, the assessment of China’s strategy and aims cannot be on purely economic terms since the investments are politically motivated and should be perceived as such (Expert 4). The statement that Chinese M&A activities are influenced by political objectives is stated at least six times by all four interviewees in the interviews. Expert 1 and Expert 3 further note that, for the CEECs, geopolitical reasons play a particular role.

The second set of motivations is based on economic factors and benefits for the domestic economy. We find that the Chinese government is aiming to develop their economy towards an increased knowledge-intensive and innovation-based economy, which, in turn, is determining the targets of M&A deals at least in Germany. Throughout our interviews market access and access to technology and knowledge are mentioned four and six times respectively as the main economic motives.

However, Expert 1 and Expert 4 emphasise the difficulty of obtaining sufficient data for a comprehensive analysis on M&A deals. Expert 1 states that only looking at M&A investments could potentially distort the image of Chinese investments in CEEC as China’s influence is also exerted through other lending activities without direct investments. Additionally, China’s focus on M&A activities instead of greenfield investments might origin in its “late-comer” position to economic development, where it’s more attractive to purchase existing firms than to go through the whole knowledge development on their own (Expert 3).

Our experts state that Germany presents the most popular destination in terms of deal numbers as well as values for Chinese M&A investments in all of Europe and significantly in comparison to CEEC:

“Germany is something uncomparable in terms of – I mean – the levels of engagement and cooperation with China. These are something extraordinary and unique in the whole European Union and the level of dependence. So of course, there are different opportunities in Germany.”
(Expert 4)

The statement that Chinese M&As in Germany outweigh CEEC in terms of investment volume finds support at least four times by Experts 1, 3

and 4 throughout the interviews. The reasons behind these statements lie in the attractiveness of the main industries in Germany as well as the fact that the German economy is known and studied in more detail in China and therefore, receives more attention by investors than Eastern European economies (Expert 2). However, a drastic increase in investments in CEEC was observed by the experts following the announcement of the BRI, putting this region more in the spotlight (Expert 1). The experts are unanimous in their view that the political significance of the BRI can be seen as a decisive factor in the M&A deals there. Additionally, companies acquiring firms in countries such as Poland, Czech Republic, Slovakia or Hungary also enable Chinese acquirors to gain access to the Western European Market through the European Union, awaiting “rich consumers” (Expert 3).

Our experts observed a significant increase in Chinese M&A deals starting in 2008 (Expert 3) or 2010 (Expert 4), leading to a peak in investments in 2015/2016 (Expert 1). Experts 1, 2 and 4 highlighted the increase in overall investment and M&A activities since the beginning of the BRI. This analysis of past developments was confirmed at least eight times throughout the interviews by all four experts. Congruently, all interviewees commented on a peak in investments in December 2015 and a stark decrease at the beginning of 2016. The most influential factor for this development was a capital outflow regulation in China, adopted in December 2016, aiming at a “double circulation policy” to increase domestic investments in the internal market, mentioned by all experts at least six times. Additionally, the Chinese government aimed to redirect cross-border M&As in a more efficient direction to sectors that would benefit the domestic economy more, for example, away from the entertainment or real estate sectors (Expert 1). Instead, Chinese state-owned companies were supposed to regain their leading role in the field of foreign investments. According to this, the decrease in M&A deals had already begun before the beginning of the Covid-19 pandemic in December 2019 (in China), which later led to an even steeper decrease in the number of M&A activities. All experts emphasise the multiplying effect that the pandemic and the subsequent economic slowdowns and travel restrictions had on the dynamic of M&A deals both in CEEC and Germany. While investments are expected to increase after the pandemic, they are not expected to return to the pre-2016 and pre-pandemic point (Expert 2; Expert 3; Expert 4). Regarding Germany, Expert 1 describes

him/herself as optimistic “because innovation and technological advantages of German funds are there and that’s definitely the essence of what Chinese firms look for”, which backs up Expert 3’s views. By contrast, Expert 4 describes how he expects a “closing up [period] of cooperation with everybody, but focusing on cooperation with countries which are trustworthy partners from the Chinese perspective, which is probably more Pakistan, Russia, Central Asia [...]” concluding in a process of investments slowing down. Additionally, Expert 4 strongly highlights the political motivation behind Chinese M&A deals.

The statements regarding the sectoral distribution are consistent with the previous statements about the attractiveness of the high-tech sector in Germany for Chinese investors. While resource seeking plays a lesser role in Western Europe and Germany, highly-advanced technological companies are the main industry of Chinese interest due to its surge in knowledge-based technology for further innovation (Expert 1, Expert 3). This targeting of Chinese acquirers is mentioned most often in the interview, eight times across all interviewees. According to the experts, other prominent sectors in Germany are advanced manufacturing (Expert 1; Expert 2), energy (Expert 2), pharmaceuticals (Expert 2) and various other kinds of industry (Expert 1; Expert 2; Expert 3). However, all four experts independently state that, while investments are concentrated in these sectors, it is not merely limited to them. The market size of the European Union is also attractive to Chinese investors (Expert 1; Expert 3). M&A deals in CEEC are less focused on one single industry; all experts stated this at least six times. According to Expert 1, the countries in CEEC belonging to the European Union have a more equal sectoral distribution than countries not belonging to the EU. In the latter, the number of infrastructure development projects is more significant (Expert 1; Expert 2; Expert 3; Expert 4). This relates to a focus on logistics, e-commerce and rail freight companies in CEEC as it is “cheaper, for example, in Poland than in Germany”. Poland offers qualified labour at lower costs, lower real estate prices for warehouses, and more space for an “equally dense and working railway network in Poland” (Expert 3). Additionally, energy and power have been receiving more Chinese attention in CEEC recently, while Chinese firms are not allowed to enter these sectors in most Western European countries (Expert 2). There is no support found for a concentration of M&As in the financial sector in CEEC.

The expert statements regarding post M&A company development are limited. Expert 1 states that “if the post M&A company values were to decrease in Germany that would play into the hands of the concerned policy makers” as it would mean that Chinese firms would only be interested in receiving the technology but not in developing the company further (Expert 1). Expert 3 notes that China does not have an “aggressive take-over strategy” as most companies are not interested in holding more than 20% to 30% of the shares. An additional determinant of post-merger performance is transcultural management and the ability of the management to integrate both firms successfully and the ability of Chinese managers to learn from the local market (Expert 2; Expert 3). Expert 4 expects post-merger company development to be better in Germany thanks to the more favourable business environment there than in the CEEC.

4.3 Final Evaluation

If we look at the general M&A activity, we see stronger activity in Germany than in the CEEC sample in the quantitative results. This finding is confirmed by the qualitative results. Our experts mainly identify German economic power (in terms of development, GDP and business environment) and the attractiveness of German high-tech and industrial companies as the reasons for this pattern. Furthermore, it is Chinese policy that transactions should, in particular, strengthen the economy and lead to knowledge being acquired. Another identified reason for the increased activity in Germany is the greater awareness of the German market among Chinese investors. In summary, the quantitative results are consistent with the uniformly-held opinion of our experts.

Looking at the quantitative results in terms of dynamics over time, a peak in 2016-2018, followed by a strong decline in M&A activity can be seen. Our experts confirm this dynamic generally. However, they broaden the perspective from M&As to the general dynamics of the BRI. Identified reasons for the decline after the peak between 2016 and 2018 are two-fold. On the one hand, a stricter Chinese policy towards FDI outflows, starting from 2016, is seen as one major factor. On the other hand, negative examples and a generally more negative perception towards Chinese M&A and investment activity from European shareholders are mentioned as the second major factor. Our experts also provide us with

an assessment of future activities: In general, a recovery of Chinese M&A activities in Europe can be assumed after the COVID-19 pandemic has subsided. However, it seems unlikely that the peak level of 2016-2018 will be reached again.

Our quantitative analysis reveals that there is a great overlap in activities by sector, but also crucial differences when comparing the CEEC sample with Germany. These differences become easier to explain if the assessment of our experts on the general Chinese M&A approach, i.e., further development of the Chinese economy, acquisition of the “strongest” targets, etc., is taken into account. Especially in the case of Germany, as one of the leading industrial nations, Chinese investors are interested in the acquisition of knowledge and thus in particular in the industrial and high-tech sectors. This qualitative assessment confirms our quantitative analysis in which the industrials sector in particular was more strongly represented in Germany than in the CEEC. However, our experts agree that the CEECs studied form a very heterogeneous sample, and individual sectors that are particularly strong at the country level may be lost in this holistic view. In the Energy & Power sector in particular, there are also different legal regulations that make it difficult for Chinese investors to enter the market, as is the case in Germany, for example.

Post-merger performance provides the weakest quantitative results. First, we have to rely on a small sample here. Second, the results are highly sensitive to outliers. Third, we consider only a short time horizon, from announcement to actual completion. Nevertheless, the results suggest that in Germany in particular, the sentiment investigated tends to be negative or at least characterized by extreme values. Interestingly, even our experts can hardly offer in-depth insights into this topic as research to date is very limited. If the long-term development of the acquired companies is indeed negative, this would be in line with the sentiment observed in the short term. However, it was also pointed out that each case has specific peculiarities and, in particular, the (trans)cultural skills of the managers involved exert a decisive influence.

An analysis of Chinese M&A transactions, including the present one, always struggles with the availability of financial data. Individual cases can be examined comprehensively, but a macro perspective is difficult due to the weak data. Nevertheless, with a modern mixed-methods approach, we are able to enrich our main quantitative analysis with additional qualitative information and thus draw relevant conclusions. Future

analyses should attempt to examine the results on a broader quantitative basis, i.e., policy makers should ensure the availability of financial measures to keep an eye on the relevant developments. In addition, further academic observation of future developments of Chinese M&A activities in Europe seems appropriate against the background of the tense global situation. Finally, in-depth analyses of the individual areas of investigation are of significant interest to evaluate and understand the underlying mechanisms.

5. *Conclusion*

In this chapter we investigate Chinese M&A behaviour in Europe. For our in-depth analysis we compare transaction activity in Germany with a sample of Central and Eastern European Countries, which are organised in the 17 + 1 format. The chosen sequential explanatory mixed-methods approach enables us to conduct a broad investigation of the topic from various perspectives. We are further able to deepen our quantitative analysis using rich and informative expert assessments. Generally, our findings are broadly in line with the scarce, yet existing, literature about Chinese M&A activity in Europe. We extend the literature through a systemic comparison of a heterogeneous country sample, as well as an in-depth focus on the BRI. Furthermore, to the best of our knowledge, we provide the first profound analysis of this topic in the wake of the COVID-19 pandemic.

From our results, we can derive some key results: First, Chinese investment activity in the CEECs investigated in terms of M&As is by no means as extensive as some media had feared, especially at the beginning of the BRI. Second, M&A activity peaked in 2016 and had already declined significantly prior to the COVID-19 pandemic, owing to several policy measures from both Europe and the Chinese. Third, our analysis shows that Chinese investors are targeting the strongest sectors. In Germany, this is mainly the high-tech industry, while in the CEEC rather resource- and infrastructure-oriented investments occur. Fourth, our analysis shows some evidence that Chinese M&A activity tends to be viewed negatively. However, a long-term development trend cannot yet be derived from this and is strongly dependent on the skills of the managers involved. In turn, policy implications and implications for companies can

be derived from the results. From a policy perspective, it appears that changing (legal) market conditions in China have had a major impact on Chinese M&A transactions in Europe. The corresponding control mechanisms are working and should be used in a profitable way. However, Germany is a much more important target for Chinese M&A activities than the CEEC. From a policy perspective, Germany in particular must find a balance between economic ties with China and the possibly conflicting interests of its eastern European neighbours. The sectoral focus of Chinese companies on the strongest objects should be observed. Certainly, there are technologies and resources which, against the background of China's stronger governmental influence, should not necessarily be liberalized for mergers and acquisitions. In the case of a Chinese takeover or Chinese acquisition, the establishment of transcultural competencies is relevant from the company's point of view. On the one hand, this is to balance the different cultural and political backgrounds; on the other, to reduce possible concerns of stakeholders and investors.

Against the currently challenging geopolitical situation a continuous investigation of economic developments and their backgrounds is essential. It is important to identify dynamics in time to be able to take appropriate (policy) measures. With our broad analysis, we offer a starting point for future research and would like to see further focus on the topic of M&A transactions by various players with geopolitical objectives.

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Transcultural Management

Insights from German Companies with Branches in China

Annika Dinh

1. Introduction

We live in a globalizing world in which the worldwide networking of people and cooperation partners in business is more possible than ever before, allowing cooperation across cultures that brings about prosperity and mutual gain (Baumann Montecinos 2019). These new opportunities for networking and international trade are having an increasing impact on globally active organizations. Business, in particular, is no longer about international trade as it was in the days of traditional business practice, where it was simply about buying and selling products (Wieland & Baumann Montecinos 2018). The globalization of markets, communication, technological progress and division of labor on a global scale (Wieland & Fischer 2018) call for a paradigm shift in which successful trade is more and more dependent on transcultural cooperation and learning. This is the basis for successful long-term partnerships and financial, emotional and moral investments. (Wieland & Baumann Montecinos 2018) Players and organizations from different cultures work together in global organizations. Through joint transactions, they bring their resources together for mutual benefit. A prominent example is China's New Silk Road, also known as the Belt and Road Initiative (BRI). In this project, Chinese and German companies meet along the European corridor, so that successful cooperation should promote, among other things, an understanding of management in a culturally diverse environment. This forms the basis for transcultural cooperation. The resulting learning is called transcultural

learning. It occurs, for example, in the implementation of common interests and continuity of mutually beneficial transactions. Existing commonalities are strengthened and new ones created. This common ground, which is referred to as *commonalities*, is a central goal of transcultural management and cooperation. In this process, globally active organizations must think through their strategic management and governance structures carefully (Wieland & Montecinos 2018). In the case of the Belt and Road Initiative, the BRI forms the basis for global value chains and reinforces the ever-increasing global interconnectedness of our world. In this, transcultural cooperation allows us to share our world and achieve the goal of inclusive growth and mutual benefit for all. MNC's in the context of the BRI have to find ways to transcend cultural differences in order to execute their business transactions effectively. This research paper looks at German companies with branches in China and which therefore have to deal with different cultural affiliation in their organizational levels. The aim of this paper is to provide insights into German companies with branches in China and to show how the theoretical concept of transculturality is applied and how transcultural management is achieved in the examples used by exploring the following research question:

How is transcultural management implemented in German companies with branches in China?

2. *Transculturality*

Intercultural and multicultural approaches have one thing in particular in common: they emphasize the differences between cultures. Transculturality, on the other hand, is about identifying commonalities (Wieland & Fischer 2018). Again, the meaning can be derived from the prefix 'trans-', which is used with the meanings "across," "beyond," "through," "changing thoroughly," and "transverse". It also means "beyond cultural boundaries, creating a third culture, a higher synthesis or a new commonality with a focus on interpenetrations, entanglements and connections of cultures" (Cuccioletta 2012). The concept of transculturality is an old phenomenon and has been taken up by a number of different scholars. Among these are Fernando Ortiz (1965) and Wolfgang Welsch (2001). For instance, South American scholar Fernando Ortiz assumed that, in

the early stages of transculturalism, there is a synthesis of simultaneous actions. This objective process leads to a mixed identity based on a dual culture and, as the mixing with other cultures continues in a multicultural society, we add more cultural identities, creating a mosaic of identities (Ortiz 1965, cited in Dagnino 2012). Another important exponent is Wolfgang Welsch, who defines transculturality as a process of “intertwining, mixing, and commonality” (Welsch 1999: 205) that promotes conversation and cooperation among people from different cultures and welcomes diversity without compromising individual identity (Welsch 1999, cited in Smith & Segbers 2018). However, there are different perspectives from which transculturality can be viewed and applied. This includes, for example, the focus on “mobility and migration and the related transformation processes of integration and relationships from a societal perspective. Other topics of transculturality are interpenetration and perception in relation to cultural, national and political borders” (Wieland & Fischer 2018: 38). The starting point is always that one assumes that, by crossing borders, people encounter different cultures. Whereas interculturalism and multiculturalism thereby delimit cultural differences to one’s own culture, transculturalism focuses on existing and potential commonalities so that the “boundaries of a culture can be perceived as patterns that allow for overlapping loyalties” (Wieland & Fischer 2018: 39). “This includes acknowledging those unfamiliar parts of their own identity that are owed to other cultures and accepting foreignness in their environment” (ibid.). Characteristics of transculturality are the development of commonalities with reference to transactions despite different cultural backgrounds. It sees culture as a network of diversity in which differences are bridged in order to generate a common understanding and mutual advantage for collective action. This approach can provide remedies for problems such as personal prejudice against others or human rights violations. (Slimbach 2005, cited in Wieland & Fischer 2018) After all, collective or personal responses to cultural issues, Slimbach argues, are always shaped by one’s own cultural awareness. “To become a transculturally open person, individuals must display an open attitude and skills that promote ethical and open interaction with people of other cultural backgrounds” (Slimbach 2005, cited in Wieland & Fischer 2018: 40). A transcultural person has his or her roots in a particular culture. Cooperation with people from other cultures for mutual benefit is based on one’s own cultural and moral imprint. So transcultural

means that there is one world, but we need to acknowledge that people in that world live in different cultural contexts (Wieland & Fischer 2018). The following table by Wieland and Fischer (2016) is intended to summarize the conceptual similarities and differences between all three approaches.

Table 1: Conceptual Similarities and Differences

	Transcultural	Multicultural	Intercultural
Level	World Society, global cooperation	Society, organization	Personal, individual
Definition of culture	Options, constraints Network of diversity	Homogenous and enclosed areas Subcultures, minorities, cities, etc.	Homogenous and enclosed area National culture(s)
Conceptual Assumptions	'The Self in the Other' Developing a common understanding Mutual advantage	'The Self' and 'the Other' Differences and mutual advantage	'The Self' and 'the Other' Differences and common interest Individual interests
Motivation	Creating commonality	Integrating differences	Manage differences
Perspective	Like all others	Like some others	Like no others
Consequences for action	Bridging differences Collective action	Understanding Continuous cooperation	Understanding Accept and tolerate differences

Source: Wieland & Fischer (2018).

3. *Transcultural Management*

3.1 *Difference to Intercultural Management*

There are already different economic models that manage culturally diverse actors and successful transactions within companies (at the supra-national level) and collaborations with other companies (at the international level). Different approaches consider cultural diversity in eco-

conomic cooperation. One of them is intercultural management in which an intercultural approach is applied. However, as explained above in the theoretical approach of interculturality, starting from the identity of individuals as homogeneous and enclosed “container” entities, interculturality is limited to differences, which can be outlined in the following figure by Wieland (2018).

Figure 1: Intercultural Approach



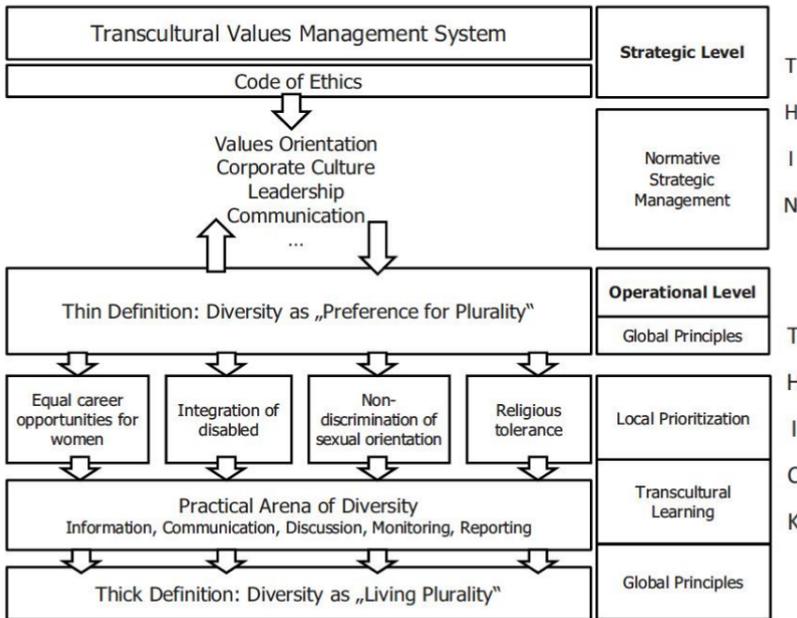
Source: Wieland (2018).

3.2 *Transcultural Management*

One approach to counteract the focus on differences is the concept of transculturality offered by Josef Wieland (2010; 2016; 2018; 2020). Wieland has extended transcultural aspects to leadership, management, and governance issues (Wieland & Leisinger 2018) in organizational economics. The starting point for both intercultural and multicultural management lies in the comparison of national cultures. These are assumed, as mentioned above, to be closed and homogeneous entities. Transcultural management, however, does not refer to identities of national players but to transactions that take place in a multicultural context globally, nationally or regionally. The difference in transcultural management is not at the level of the actors’ identities, but in transactions that are event-specific. The focus is on the appropriate proportioning of different cultures and their consideration in relation to each other. The goal is not to find a compromise that balances the differences, but to create a new cultural situation of convergence in connection with a specific, local transaction. It follows that the concept of national cultures as closed containers is abandoned and a multiplicity of cultural actors consisting of individuals, professionals, organizations, regions, nations, and global institutions takes its place (Wieland 2020). Applied to strategic transcultural manage-

ment, the transcultural approach can be implemented at the normative strategic level, which aligns the company with certain values and declares them as fundamental parameters for ethical behavior. A central value formulated in a global company could be diversity. These values are referred to as a *Code of Ethics*. They are embedded in a Transcultural Values Management System, which can then be applied to the diversity management model shown in the following figure based on Wieland (2016):

Figure 2: Transcultural Values Management

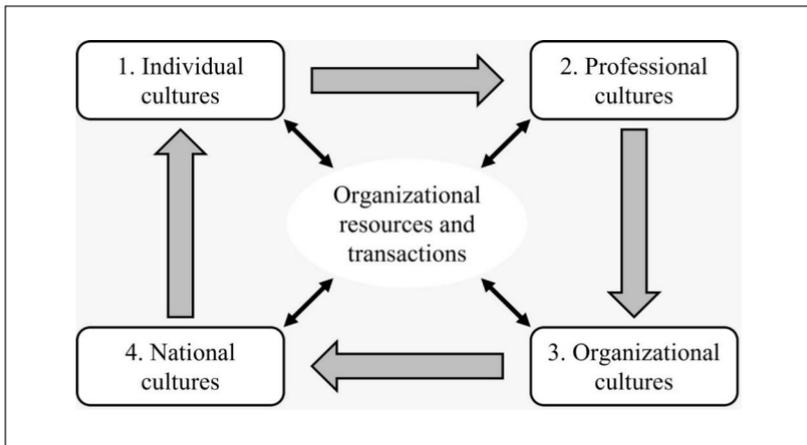


Source: Wieland (2018).

Furthermore, diversity exists in a variety of areas and there are different levels of culture within an organization. Wieland defines this as a *network of cultural diversity* (Figure 3) as there are different individual, professional, national, and organizational cultures coming together in organizational and transaction settings and these have interrelationships.

In this network of cultural diversity, consisting of individuals and organizations, elements of cultural homogeneity as well as cultural difference are processed. For example, national cultures, corporate cultures, professional cultures and individual value cultures are characterized by both an inclusive and a delimiting character. Each organization is therefore characterized by a specific relationship of cultural homogeneity and intercultural difference with regard to the conduct of its transactions. This represents a temporary cultural equilibrium that is the result of a transcultural learning process (Wieland 2018).

Figure 3: Network of Diversity



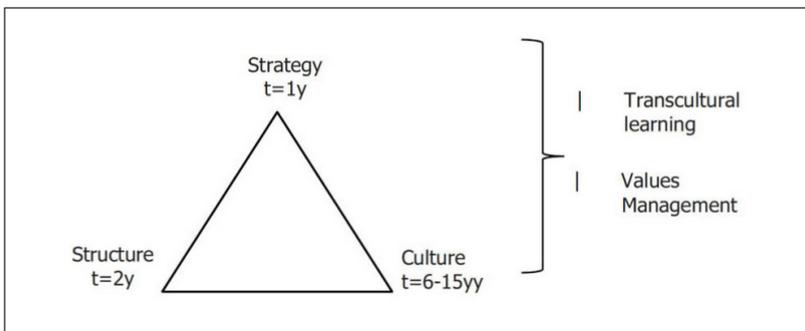
Source: Wieland (2018), Own translation.

3.3 Cultural Integration

The developments toward cultural diversity in global cooperation described above lead to a process of global network creation. Another factor is the cultural component, which should not be underestimated, as the concept of transculturality and its implications for the management of a corporate strategy also aim to develop cultural integration. The transcultural approach is embedded at strategy level, while value management is mirrored in governance structure and culture. Therefore, considerate

management strategies must take this into account as there is a network of diversity within organizations as described above. In doing so, it is critical to consider the actual complexity of cultural affiliations. Only in this way can a perspective of multiple and transactional cultural affiliations be offered that represents both individual and organizational players. This process of transformation can take place over a long period of time. As Wieland noted, empirical research shows that change in an organization takes different lengths of time. For example, it takes up to a year to change a company's strategy and about two years to change its structure. In the case of culture, one must expect a period of up to fifteen years. Transcultural processes thus serve as an informal governance structure for linking different perspectives. (Wieland 2018). They can use diversity as a productivity potential (Wieland 2018: 20) in that promoting diversity improves the effectiveness of an organization. Transcultural management is thus a potentially productive resource. However, in poor governance structures, it can also be a destructive factor for economic value creation, which is why its impact depends on its governance. Institutions therefore serve as cultural regulators (values, norms, laws, etc.) of social interactions and social organizational forms, as well as manifestations of culture.

Figure 4: Strategic Management and Transcultural Learning



Source: Wieland (2016).

3.4 Commonalities

As demonstrated so far, there are several factors that need to be considered that can influence cultural diversity in organizations. Therefore, it is crucial to consider that cultural affiliations are more diverse and intersectional, as they vary depending on the specific context and collaborative environment. As a result, decisions about content, local prioritization of action items and actions can vary widely within and between local operations around the world. This can lead to a need for realignment to local conditions. As a result, one and the same common corporate value is implemented differently at different locations. For example, because it is accepted differently at the respective locations or because specific challenges and problems are seen as particularly relevant there. This shows that different local challenges can lead to a variety of concrete adjustments at the thin level of the value system and different implementations on the thick level depending on the context. These variations are contextually appropriate as long as this multitude of local interpretations is communicated and disseminated within the company. Therefore, transcultural value management, according to Wieland, involves a roll-out process, meaning that abstract global principles must be concretized at the local level depending on the circumstances. However, it can be said that the implementation of diversity management alone is not sufficient at the strategic management level for effective transcultural management. As transcultural management focuses on commonalities that arise in the course of transaction-specific collaborations and places the relationships between culturally different actors at the center, further steps need to be embedded in different management levels. This can be realized at the transactional level in different ways. Wieland and Baumann Montecinos suggest the creation of platforms that can be set up as an arena for mutual learning and exchange. They enable managers, among others, to share information about concrete examples of local implementation. Another example is provided by Baumann Montecinos (2018), in which she identifies four common perspectives on which moral-cultural commonalities can be built at the strategic level or practical level through transactions, namely “awareness, perception, sense of duty, and action” (Baumann Montecinos 2018: 340). Through this process, a *common interest* in implementation and *existing commonalities* can be identified and *new commonalities* developed (Wieland & Baumann Montecinos 2018). As a

result, these processes can lead to a more comprehensive description of the proclaimed value throughout the organization. Transcultural management is thus a way to build mutually beneficial cooperation by bridging cultural differences through commonalities and creating a social *learning process* (Wieland & Baumann Montecinos 2018).

3.5 *Transcultural Learnings and Transcultural Competencies*

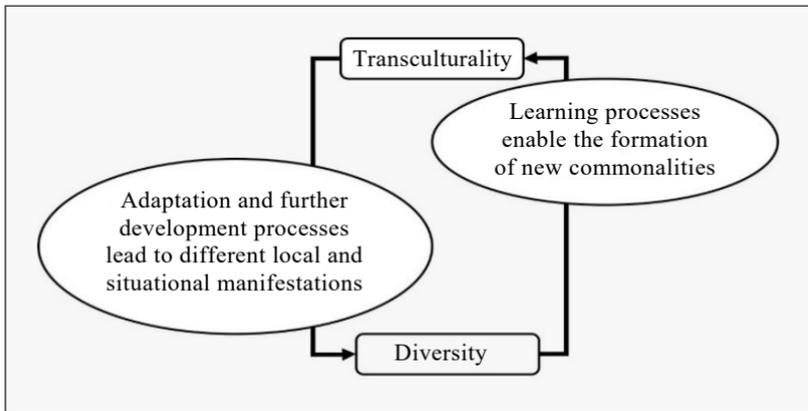
In the context of the complex economic and social developments we face in today's globalized world, managing the interconnection of different perspectives and enabling the necessary learning processes requires competencies that go beyond traditional management concepts. These competencies take shape and definition in different terminologies. One approach in the cross-cultural context of international business is offered by James P. Johnson et al. who refer to them as cross-cultural competencies, which they define as follows:

“Cross-cultural competence in international business is an individual's effectiveness in drawing upon a set of knowledge, skills, and personal attributes in order to work successfully with people from different national cultural backgrounds at home or abroad.” (Johnson et al. 2006: 530)

According to Wieland, these *competencies* of the organization and its members can be developed in a *transactional learning process* (Wieland 2018). When common ground is developed through a shared understanding and sense of common purpose, it can serve as a learning process for both parties. However, common ground cannot always be taken for granted and stable, but must be introduced and learned over and over again in practice. Rather, it is an ongoing learning process for individuals and organizations engaged in day-to-day operations. It should also be noted that transcultural management is not limited to national cultures. Rather, it must take into account the similarities and differences in individual value systems, in existing professional and corporate cultures. Furthermore, the transcultural learning process serves to relate different cultural identities and perspectives. It involves a shared understanding of the situational meaning of values and how they translate into transactions. By linking different identities and cultural spaces, a common cultural bond is established. Transcultural management can therefore be

understood as the value management of a company (Wieland 2018). In this context, transcultural management refers to the management of specific transactions. The goal is to maximize the mobilization of an organization's resources and capabilities with regard to the execution of its transactions. In this way, a lasting institutionalization of successful collaboration is achieved. These enable transactional and relational interactions between actors (Wieland & Baumann Montecinos 2018).

Figure 5: Dialectical Learning Processes



Source: Baumann Montecinos (2018).

Their goal is to facilitate such interactions in order to generate overall mutual benefits. Another benefit is that by doing so, one overcomes the constraints imposed by nation states or other cultural boundaries. (Fischer & Wieland 2018) Intercultural commonalities thus strengthen and create collaborative experiences and learning processes. They serve as productive resources to enable fruitful interaction across cultural boundaries. (Wieland & Baumann Montecinos 2019: 226) Transculturality is thus understood as a complex and dynamic interactional relationship (Baumann Montecinos 2018).

3.6 *Global Value Creation*

According to Wieland (2018), transculturality is both a resource and an institutional prerequisite for effective, efficient local and global collaboration. However, a prerequisite for *cooperation in cross-cultural contexts* is the willingness and ability to cooperate. Worth noting at this point is E. Freeman's stakeholder approach, which views business as a set of relationships, and the task of management is to shape those relationships. Different stakeholders interact to create value, and in doing so it can be a challenge to prioritize stakeholders, but it is the striking of this balance that is part of management's task (Freeman 2010). In the transcultural approach, it is a continuous learning process aimed at creating cultural commonalities, complementarities and communities. These are both organization-specific and network-specific and, as a result, form global commons. These developments and the ever-increasing globalization lead to *global value creation* processes. In this context, global value creation is to be understood as a web of interactions between diverse stakeholders that tie their decision-making logic to specific transactions. (Wieland & Baumann Montecinos 2018) Thus, it can be defined as "cross-border networks of corporations and societal organizations that combine their resources in order to create products and services" (Wieland & Baumann Montecinos 2018: 21). In short, it is a network of relationships. Wieland and Baumann Montecinos also call it a "manifestation of global division of labour" (ibid.). Global value chains have become significant drivers of global growth and wealth. When culturally diverse stakeholders and organizations productively combine their resources to create a corridor for cross-sector collaboration, joint value creation becomes possible. However, the emergence of (joint) global value creation and stakeholder networks as well as their stability and productivity depend on the success of transcultural transactions, i.e., on how they are led and managed (Wieland 2020). It can therefore be seen that complexity and dynamics of global value chains as networks of interaction present both challenges and opportunities for shared value creation on a global scale. It is therefore necessary for managers and decision-makers to integrate these perspectives into their business models in their economic strategy. Global value creation requires and enables governance structures. However, global value creation is not only realized through the application of traditional management tools and principles but require a

composition and combination of different mechanisms such as market, hierarchy and partnerships of purpose to connect stakeholders on a global scale. However, building relationships is not subject to the rules of the market and hierarchy, but to cooperation and the continuity of partnerships. These must also be regulated in such a way that long-term, sustainable and inclusive cooperation is possible. Or else, possible violations could result in corruption, violation of environmental or human rights standards. Therefore, it is also an investment in financial, emotional and moral terms. In this sense, transcultural management and global value creation are mutually dependent, as they open up new opportunities, not only with regard to the development of individual countries, but also with regard to cross-border cooperation and transcultural processes in business and society (Baumann Montecinos et al. 2018). Against this backdrop, the globalization of social interaction in general, and value creation in particular, represents both a phenomenon and a resonance for transcultural collaboration (Wieland & Baumann Montecinos 2018). The illustration below sums this up and shows the differences compared to the previous intercultural approach.

Figure 6: Transcultural Approach



Source: Wieland (2018).

4. Selection of Interview Partners

This study used company executives as experts for data collection and interviewee selection. Their formal role is at least at executive level or, ideally, at the top management level of the company. In addition, the respondent should have extensive management experience in German companies with branches in China. Experts with Chinese nationality were explicitly selected so that they could provide information about

working in a German company with branches in China based on their personal cultural backgrounds. A total of seven managers in leadership positions at German companies with branches in China were interviewed. They all come from different positions in companies, so they have different labor perspectives. However, three of the respondents come from the same industry as they work in Human Resources Services, with one of them having a leading role as an HR professional. Furthermore, the interviewees work in companies whose affiliation, if one makes a grouping, partially coincides. For example, four of the respondents are from the same company, but they work in different positions and roles. Additionally, an overarching coincidental commonality among the companies is that the majority of the companies can be classified as belonging to the automotive industry. However, the mentioned similarities in classifications have no relevance for the analysis. Rather, the analysis relates to the experience of the individual interviewees in their respective positions and roles in the company, all of which are different. Table 2 provides an overview of the analyzed executives:

Table 2: Overview of Participating Interview Partners

German Company with branches in China	Industry	Managerial experience in the industry
Company A	TÜV Testing and Certification	11 years
Company B	Human Resources Services	14.5 years
Company C	Human Resources Services	17 years
Company D	Automotive Regulation and Certification	20 years
Company E	Human Resources Services	15 years
Company F	Consultancy and Telecommunications	16 years
Company G	Automotive and Mechanical Engineering	26 years

Source: Own table.

5. Findings

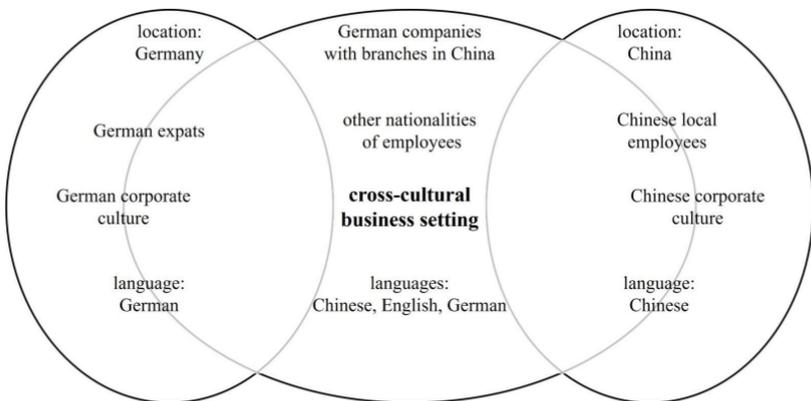
This research paper provided insights into corporate structures in a multi-cultural context, in this case for German companies with branches in China. It was shown that the companies not only need to have a superficial understanding of culture and a focus on cultural differences in order to conduct successful business cooperations. Rather, successful cooperation in a cross-cultural context requires an understanding of the specific cultural context in transactions. Instead of focusing on cultural differences, the emphasis is placed on commonalities. In this way, common ground is formed in the specific transaction through existing shared perspectives. This leads to new commonalities that can be developed, resulting in a continuous learning process. As a result, it has been shown that companies perceive the transaction process as mutually beneficial and, hence, it generates shared value. These shared business experiences then lay the foundations for successful long-term cooperation, acting as a bond between the actors and thus strengthening cooperation through trust. Specifically, the results provide information on *a) German companies with branches in China, b) cultural diversity within the company, and c) their management and organizational culture*. By analyzing specific situations, business transactions, and relationships discussed in the interviews, the results portray *d) how cooperation takes place in cross-cultural contexts and e) the implementation of transcultural management approaches* at strategic and operational levels in order to create commonalities and social learning processes for successful long-term cooperation.

5.1 Cross-Cultural Business Settings: German Companies with Branches in China

In the interviews, the German companies with branches in China provided information about themselves and revealed managers' perspectives on what it means to them on a practical level to be a German company with branches in China. The characteristics that emerged in the process allow a clear classification of the respective companies in a cross-cultural business environment. An overview of the characteristics is shown in the Figure below. It should be noted that not only two national cultures,

namely German and Chinese, come together in the process. Due to the nationality of other international employees as well as the fact that there are also subcultures or ethnic minorities within countries, a mixing of more than two cultures within a company and its branch is possible. According to statements by managers, the mixing of corporate cultures means that, in some cases, it is not possible to clearly categorize corporate cultures, and they do not want to define themselves as a classic German or Chinese company. Rather, cultural characteristics must be classified according to concrete organizational structures, management areas and transactions in order to be able to make a cultural classification. This results in a cross-cultural business environment, which enables encounters with different managers' nationalities, cultures, and their languages as well as corporate cultures and leads to a blending of these. However, this cultural mixing must be viewed in each case from the individual, national cultural perspective. It should be noted that the managers consider the cross-cultural mixing as a pool of culturally diverse people (Germans, Chinese, other nationalities and cultures), and the different corporate cultures and working languages as important resources for their company, enabling them to work with different people in their workplace. They also stress the importance of having local employees on site

Figure 7: Cross-Cultural Business Settings



Source: Own illustration based on interviews.

and in their teams, who are not only well educated and speak German, English and/or Chinese, but also have working experience in other, e.g., Western, corporate cultures.

5.2 Cultural Diversity

German companies with branches in China have cultural diversity within and outside their organizational boundaries. Members from different cultural backgrounds work together in the companies, which requires managers to be able to lead diverse teams. Outside the organization, companies also face cultural diversity as German companies with branches in China maintain business relationships with international customers or suppliers with different cultural backgrounds or encounter regional cultural differences. As a result, companies encounter different professional, organizational and national cultures in their day-to-day business. This requires organizations and their members to deal with different approaches on an individual level in order to carry out transactions and business relationships effectively. Here, they have been grouped and defined as individual competencies. They can occur in a variety of areas; in this case they were examined in the areas of cooperation and culture. The respective competencies shed light on how individual competencies are used in culturally diverse environments. To illustrate the scope of the competencies related to cooperation and culture, the results were derived from the interviews and summarized in a table below:

Table 3: Competencies on Individual/Managerial Level

Cognitive Dimension
<ul style="list-style-type: none"> • Cultural Understanding • Cultural Knowledge • Cultural Self-Awareness • Self-Assessment • Attitude of Modesty • Attitude of Respect • Acceptance • Open-Mindedness • Non-judgmental Perspective

Affective Dimension
<ul style="list-style-type: none"> • Emotional Intelligence • Emotional Control and Tranquillity • Trust • Empathy • Appreciation • Sensitivity • Patience • Authenticity
Behavioral Dimension
<ul style="list-style-type: none"> • Communication Skills • Language Skills • Listening Skills • Organizational Skills • Behavioral Flexibility • Ability to Compromise • Ability to Perceive & Communicate Commonalities • Capacity to Adapt Professional Skills to Company Values • Goal Orientation

Source: Own illustration based on interviews.

Managing culturally diverse teams is challenging, but at the same time it offers leaders the opportunity to practice intercultural problem-solving within the boundaries of their organization, not only within their own national cultures, but in a cross-cultural business environment. Therefore, it helps individuals increase awareness of cultural similarities and differences and develop skills to leverage the potential of cultural diversity. Although transactions with employees from a different cultural background are part of daily business practice, friction, problems or misunderstandings still occur between the different players. Managers emphasize that conflict can sometimes arise even when both parties are aware of different cultural approaches to business and cooperation or cultural differences. Finally, language skills were highlighted as another important aspect of business cooperation in a cross-cultural environment. The widespread use of English or German, apart from the Chinese national language, is an important factor for global businesses. At the same time, however, the lack of language skills, especially of Chinese managers,

poses a challenge to global business cooperation. This leads to longer and more complicated cooperation processes. However, measures can be taken to reduce the language barrier so that the transaction can take place, even if it takes longer.

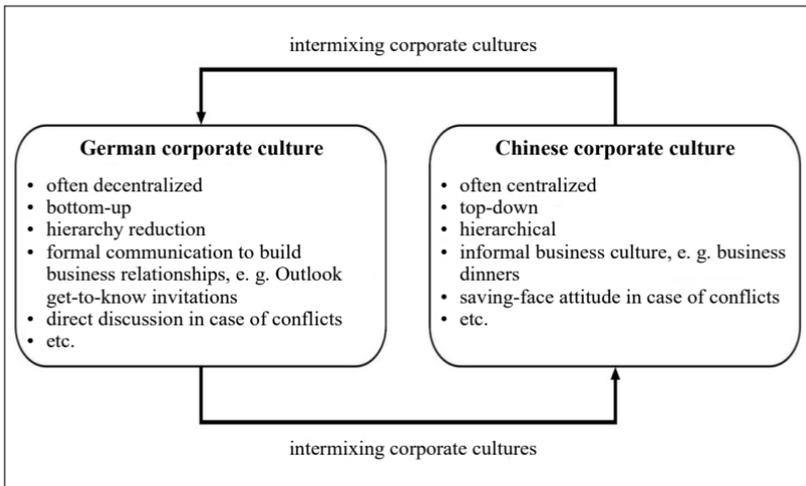
5.3 Management and Organizational Culture

German companies with branches in China have to deal with people from different cultural circles in their daily work within a cross-cultural environment. In this context, the framework of business transactions does not usually depend on the national culture of the business partner, but on various influencing factors that shape and affect the business transactions. Among the factors mentioned in the interviews are legal constraints imposed by the legal system, corporate culture and its values as guidelines, and intercultural and interpersonal factors. From the interviews, a number of factors that influence cooperation between different players within cross-cultural environments can be seen. A distinction can be made between framework conditions, which are given from a legal or organizational structural level, and factors on an individual and interpersonal level. First of all, it should be noted that cooperations are subject to the legal conditions to which they are exposed and which significantly determine the transactions between the cooperation partners. It can be inferred from the interviews that this also affected conflict situations in which companies were not free to decide whether and how they wanted to cooperate but were exposed to legal obstacles. Such transactions include the influencing factors of the “business is business” approach. Furthermore, the prevailing corporate culture in German companies with branches in China influences the way employees and managers work together. In the managers’ experience, Chinese companies are characterized by hierarchies, top-down management and rigid organizational structures (longer office hours and less annual leave). This is, according to the managers, because Chinese organizational culture places a lot of emphasis on efficiency and financial growth. Additionally, a result that can be derived from the differentiating corporate cultures mentioned above is that Western and Chinese business practices are integrated in German companies with branches in China, as both business cultures are mixed, meaning the corporate cultures of one as well as the other culture are

implemented. For the case of German companies with branches in China, managers distinguish primarily between the German, also referred to as Western, culture and the Chinese perspective on corporate culture. In the cases mentioned in the interviews, for example, communication, leadership style and interpersonal relationship processes in German companies with branches in China are influenced by Western practices. Finally, centralized corporate structures and strong corporate cultures, which might limit the decision authority in regional offices, foster the reliance on legal remedies in conflict situations by following the approach “business is business”.

Decentralized corporate structures and weak corporate culture, rather, promote local offices to cooperate and to find a mutually beneficial solution in the respective critical business situation. An overview of the driving factors for cooperation in situations of dilemma is illustrated in Figure 8, which shows some further examples from the interviews of how business culture is lived in German companies with branches in China:

Figure 8: Intermixing Business Cultures



Source: Own illustration.

Lastly, companies are subject to internal governance structures. The starting point here is not only organizational structures and policies, but, above all, the values that companies represent and pass on to the operational level via strategic management. The most common example in the practical examples is diversity management. Almost all of the companies have diversity management, which proclaims diversity as a value in their companies. In the interviews, the managers emphasize the importance of cultural diversity in the teams, which facilitates and enriches dealing with the external diversity of the stakeholders. However, diversity management is not explicitly codified as formal in all companies and implemented in their organizations. As a result, the selected companies lack internal organizational governance structures, such as a value management system, for managing cultural diversity. However, managers indicate that in implementing diversity management, emphasis is placed on acquiring diverse team members when recruiting to reflect the promotion of diversity as a corporate value. In terms of managing corporate culture, companies indicated that they regulate and want to facilitate internal cooperation among team members by sharing the same organizational values. Furthermore, the examples of diversity management mentioned include the fact that some companies provide intercultural coaching or training for their employees as intercultural training. In this context, one manager stated during the interviews that he does not consider such intercultural training to be sufficient. He did this against the background that he himself, as a German with Chinese roots who has lived, been educated and worked in both Germany and China, considers the theoretical knowledge given in intercultural training courses to be insufficient for practical implementation. The remedy for such a situation is informal internal guidance by other colleagues to acquire cultural knowledge (to be classified as intercultural management). It should be noted, however, that such informal guidance is mostly given by members of the organization based on their own intercultural experience and thus it has not been tested. It can be stated that there are some weaknesses in the implementation of diversity in the corporate culture. However, the proclamation of diversity as a corporate value creates a bond between the members of the organization, which unites them despite different cultural perspectives and on which they can base some common ground.

5.4 *Cooperation in Cross-Cultural Contexts*

German companies with branches in China conduct business transactions with stakeholders from various cultural backgrounds on a daily basis. In so doing, their openness to cooperate, particularly in cross-cultural transactions, is generally not influenced or determined by the business partner's national culture. Rather, companies evaluate, on the one hand, hard factors such as the availability of alternatives, the legal system and the strategic importance of the stakeholder (also known as stakeholder prioritization as explained above) and, on the other hand, soft factors such as the duration of the relationship and personal ties between managers.

According to the managers' experience, culturally different understandings of cooperation and business relationships exist, which depend on the cultural background of the respective partner. This allows for a further differentiation of business cultures by examining the motivation to cooperate, expected cooperation outcomes as well as the time orientation.

For the case of German companies with branches in China, managers mainly differentiate between the Western and Chinese perspectives on cooperation. Chinese businesses, for example, are profit-driven within their cooperation perspective but, at the same time, aim for long-term, loyal business relationships. Their approach to cooperation is somewhere in between the Western and Chinese perspective on business cooperation. Western companies are also long-term oriented but calculate the financial impact against the benefits from a specific business relationship for individual cases. Finally, Chinese companies have a transactional mind-set and rather attempt to optimize short-term profits. Thus, in order to effectively manage conflict situations, the respective companies modify their problem solving approach in critical situations depending on the cultural context of the stakeholder. Managers emphasize that, in cooperation processes, cultural differences take a central aspect in the cooperation process. The results show that, according to the managers, there are various cultural differences in business transactions. Among these, the areas of communication styles and the importance of social relationships in business were particularly discussed in the interview. When it comes to communication, for example, a distinction is made between how formal or informal communication can be. According to managers, informal communication takes place, for example, during rounds of introductions in China, when new employees are shown around the office and introduced

to the entire team. The communication takes place in a relaxed and almost casual atmosphere, and everyone has the opportunity to get to know each other at once. In contrast, introductions in the German work context often have to be formal, for example, via Outlook appointments. This takes longer to get to know the entire team and requires formal steps such as bilateral requests for appointments. Furthermore, there are differences in direct or indirect communication. For example, Chinese businesses often follow the principle of “face-saving”, in which the original problem and the perpetrator are not named in conflicts in order to “save the face of the person” and not expose him or her to other employees. In this process, problems are addressed only indirectly so as not to assign blame. In contrast, problem addressing and discussion among employees in Western contexts is often done in a direct manner to openly and transparently address the root cause of the problem with possible solutions.

5.5 Transcultural Management Approaches: Creating Commonalities and Social Learnings through Shared Perspectives and Values

In the case of German companies with operations in China, effective cooperation goes beyond mere awareness and understanding of cultural differences in working practices with various stakeholders. From the practical examples cited by the managers, the following four aspects can be derived that contribute to the successful implementation of multicultural transactions: 1. Transactional understanding of culturally shared perspectives, 2. recognition of cooperation as a continuous learning process, 3. building business relationships through shared values, and 4. use of connectors in multicultural environments.

6. Discussion of Results

As outlined earlier, this paper touches upon Josef Wieland’s transcultural approach to transactions in business and summarizes the results of an empirical qualitative study on transcultural management applied to German companies with branches in China. It explores whether and how the theoretical concept of transculturality is applicable in the case of German companies with branches in China by analyzing how transcultural man-

agement is achieved in a cross-cultural business environment. Transculturality is an approach that focuses on cultural similarities between different players and not on cultural differences in a context of transactions as in the concepts of interculturality and multiculturality. According to Wieland, transcultural management means that economic transactions are embedded in a network of diversity from national, professional, and individual cultures (Wieland 2018). Accordingly, in the transcultural approach, economic cooperation is shaped by the relationship between culturally diverse players in a transactional process that enables the discovery and establishment of commonalities, thereby strengthening relationships between the players based on shared values (ebd.). It follows that transcultural management is a management method that, through transactions and cooperations within a diverse environment, enables the reconciliation of cultural differences between people who otherwise would not have been able to connect with each other due to differences. Based on existing commonalities that are identified, new ones are developed that affect individual and organizational capabilities and governance structures. Thus, the concept of transculturation by transcending differences to develop commonalities is distinct from interculturality and multiculturality. Consequently, the results of the study on transcultural management in German companies with branches in China allow the following empirical findings:

In general, the main findings of the empirical study with German companies with branches in China are that managers in these companies, regardless of their cultural background, recognize that culture is not bound to nation states and is influenced by their business partners, organizational culture, and their own culture.

First, German companies with branches in China have on the one hand, a deep understanding and reflection of their own German or Western cultures and, on the other hand, an understanding of the culture of the counterpart, i.e., the Chinese and other diverse cultures that prevail in their companies. In this context, culture is understood as diversity that can be found among people on an individual, social and organizational level.

Second, as a result, the various players from German companies with branches in China recognize that culture as such is not bound to nation states, i.e., they are neither purely German nor purely Chinese. Rather, they cross borders and are shaped and influenced by themselves, by their business partners, and by the company's organizational culture. Conse-

quently, while managers still perceive cultural differences as a significant factor in economic cooperation, these differences do not define their actions.

Third, managers working in German companies with branches in China are consequently exposed to cultural diversity, as they encounter and have learned to deal with it in their daily business transactions and cooperation. It follows that they have developed cultural competencies which, in terms of transcultural management, are also transcultural in nature and no longer merely intercultural or multicultural in nature, because they are not based on cultural differences but on commonalities.

This is reflected both at the personal level and at the organizational level of action.

At the individual level, managers have learned to understand and expand their competencies in terms of cooperation approaches and business practices through transculturality. This has an impact on transactions in that the transcultural competencies developed are applied to strengthen relational relationships between people through the emergence of commonalities.

Fourthly, this enables corporate players to draw on their transcultural competencies in culturally diverse transactions or culturally challenging problem-solving processes and use them in a targeted manner, so that they not only apply their newly acquired knowledge of German or Chinese culture but also bring existing knowledge to bear, resulting in flexible adaptation to different cultural contexts.

Their understanding and awareness of culturally different perspectives accommodates transaction processes in terms of modes of cooperation, communication styles, negotiation practices and decision-making processes, because they can specifically bring their cultural knowledge and understanding to bear in such processes.

As a result, such managers can develop into cultural brokers who act as so-called “connectors” in cross-cultural cooperation, whose function is to transfer different cultural approaches and perspectives from one culture to the other and vice versa in such a way that cultural differences are bridged and common approaches and perspectives are recognized.

Fifth, this understanding of cultures is not limited to the individual culture of the person in question, but also to cultural organizational levels such as corporate management and organizational structure. Therefore, it should be noted that German companies with branches in China also

support cultural diversity within as well as outside their corporate structures. This is demonstrated by their internal commitment to diversity, such as hiring culturally diverse employees and implementing diverse corporate cultures for the benefit of the diverse workforce, and externally through multicultural cooperation with culturally diverse cooperation partners. Uniting culturally diverse people around a common goal for a particular transaction thus helps to realize the potential of cultural diversity within as well as beyond the company. However, these procedures are still the subject of intercultural and diversity management and not explicitly of transcultural management.

The transcultural approach becomes clear in the further course of action. Since sixth, German companies with branches in China favor transcultural cooperation in their corporate structures via transaction processes with culturally diverse partners, which strives for common perspectives and mutual benefit. The resulting learning process from repeated cooperation or successful problem-solving facilitates cooperation and contributes to successful long-term economic relationships, which makes it clear that transcultural approaches can be found in the respective companies.

Seventh, they contribute to the development of long-term cooperation in cross-cultural economic relations, which could lay the foundations for global value creation. Transcultural developments in shared organizational business practices in terms of creating shared value and thus value creation with other organizations are not explicitly discussed in the companies studied. What managers do emphasize, however, is the importance of individual competence in perceiving shared perspectives, values, as well as goals and applying them in different cultural transactions, suggesting a first approach in the direction of global value creation.

The analysis of transcultural management in German companies with branches in China concludes that the development toward commonalities by emphasizing shared perspectives and values instead of differences in business situations is a key indicator of transcultural management processes, which is reflected in the companies examined in this study and therefore points to a transcultural approach in their management and organizational structures.

7. *Conclusion*

Transculturality is becoming increasingly important. The Belt and Road Initiative is as an example of how transcultural management can be necessary for successful collaboration. It promotes the interconnectedness that today's globalization is increasing and fostering. However, not only economic factors are relevant here. Cultures also touch each other on an individual, organizational and societal level. A lack of cultural understanding and openness can cause friction and prevent transactions and collaboration from being effective and long-term in nature. A transcultural approach can help overcome these challenges: This is because transculturality provides opportunities in various fields for people from various cultural backgrounds to find common perspectives. Similar to interculturality and multiculturalism, this promotes mutual understanding but, in the transcultural approach, through commonalities rather than cultural differences. Especially in the global economy, transcultural management plays a central role. With it, it is possible to establish cooperation between companies that are based on commonalities rather than differences, thus generating mutually beneficial business transactions. These transcultural commonalities form the basis for both successful local and global cooperation, which in turn is a prerequisite for competing in the globalized business world. Bridging the links between its players, who have common ground through commonalities, could be based on shared values in global competition and enable companies to build long-term cooperation among themselves. Transculturality may be at the core of what is needed for successful global cooperation. This is because transculturality could be an approach that helps us to look at problems from a global perspective, as it creates global interconnectedness. In it, existing shared perspectives can be explored and create new shared values in the transaction, thus creating social bonds between people, which ultimately contributes to value creation. Accordingly, the division of different cultures and economic systems of our world requires transcultural collaboration to achieve the goal of greater diversity, shared perspectives and values, and learning processes, as the globalized world poses various challenges. The transcultural approach can thus be an approach to successfully manage the resulting challenges and opportunities and it also serves as a basic building block for long-term developments in global value creation. The social learning in relations that emerges from the transcultural

approach forms the common basis for long-term business relationships and mutual trust. These observations could be made in the empirical study through insights in German companies with branches in China. Therefore, transcultural management is also a component of management in German companies with branches in China.

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Legal Framework and Challenges of the Belt Road Initiative in Poland and Germany with a Focus on International Trade Law

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1. Introduction

More than 2000 years ago, western wool, glass, gold and eastern Mediterranean products such as silk and spices were already being traded along the Silk Road. Transportation over long distances of over 10,000 kilometers from Rome to China usually took several years, as goods were usually transported in stages, bought through intermediate traders and then resold. The “Silk Road” has historically positive connotations and makes strong reference to 21st century plans of the People’s Republic of China. This unique “road” can be understood in various ways, but the most of them are positive (Gumpfenberg & Steinbach 2004). The Belt and Road Initiative (BRI), also called “New Silk Road” is the idea of China’s President Xi Jinping and was first mentioned in 2013. Later, 40 billion US dollars were allocated to the Silk Road Fund. The fund was primarily established to fund infrastructure projects and better integrate new and existing initiatives, such as the China-Pakistan Economic Corridor under the Belt and Road Initiative (BRI) (Frankopan 2019).

China’s private sector needs a new perspective. Financial resources are available, but they need to be reinvested to remain dynamic and create new momentum. The investment programme in the participating countries creates new market opportunities and outlets for Chinese products as

well as new fields of employment for international companies (Eickemeyer et al. 2020).

The New Silk Road offers China and Europe the chance to work together to resolve conflicts in rural regions. The BRI concept looks flexible and adaptable, which Europe should see as an opportunity (Frankopan 2019).

As with the historic Silk Road, Europe plays a central role. All routes on the New Silk Road are intended to facilitate the movement of goods between China and Europe. China's political leadership is consciously investing abroad, especially in Eastern European countries such as Poland. To promote and strengthen cross-border cooperation in the countries participating in the initiative, the so-called "16+1 programme" was established. This includes Albania, Bosnia Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania (the Lithuanian parliament decided in February 2021 to leave the format with China), Northern Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia and Slovenia. The first results of this 16+1 cooperation include the Belgrade-Budapest Express and the Yiwu-Riga rail link. China's project funding is welcomed with open arms, especially by financially weaker cooperation partners (Górski 2018). The BRI favours China's influence both in the high-tech sector and in many emerging economies. Particular attention is paid to the European Union and especially its affiliated countries in Central and Eastern Europe (Frankopan 2019).

Particular attention should be paid to Germany, whose export-oriented companies benefit from the new trade and transport routes. An 11000-kilometre route runs from Duisburg, Germany's largest inland port, to Chongqing, in the People's Republic of China, which has 32 million inhabitants. Rail links between East Asia and Western Europe are twice as fast as container ships and cheaper than shipping goods. Hundreds of German companies already use it to facilitate the fast transport of special goods. Asian goods in particular come to Germany and are distributed from Duisburg to more than half of the European continent. On the way back, the containers were often empty. Accordingly, the capacity utilisation of the trains to Chongqing has risen sharply. Electronic products, telecommunications equipment, car parts and, more recently, entire vehicles are transported. In short: East-West freight traffic between China and Europe is increasing considerably (Röhr 2018).

The BRI is a project that links many countries culturally, but also politically and economically. In economic terms, Europe in particular can benefit greatly from transnational cooperation. But which risks must remain calculable in order to guarantee legal protection? A legal basis for the different legal perspectives of the various countries must provide a stable foundation for this transnational cooperation to work. With the research question: “What are the legal challenges accompanying the Belt and Road Initiative in Poland and Germany with the focus on international trade law?”, we focus on comparing laws and legal opinions with each other and relating them to the research questions and approaches, evaluating and analysing them to reach an academic conclusion.

2. *Legal Perspective on the BRI*

Among the many Belt Road Initiative (BRI) related international rules and norms Heng Wang (2019) distinguished two dimensions of non-domestic law relevant to BRI: First, ‘BRI-specific’ documents, such as the increasing number of non-binding or binding Memoranda of Understanding between China and states and international organisations (UNECE 2017); and second, ‘BRI-related’ rules that apply to BRI economic activity, such as World Trade Organization (WTO) law, regional trade agreements and international investment agreements. While this division is valid and provides primary guidance for the dogmatic analysis of legal aspects related to the BRI, as Tomer Broude pointed out in 2021, BRI does not fit easily into any boxes of conventional international legal order. The most relevant document on the BRI is the document jointly issued by the National Development and Reform Commission, the Ministry of Foreign Affairs and the Ministry of Economy of the People’s Republic of China entitled “Vision and Action on Jointly Building the Economic Belt along the Silk Road and the Maritime Silk Road of the 21st Century” (Belt and Road Forum for International Cooperation 2017). Its most relevant section is a description of the five priority areas of the BRI: Political coordination, connectivity between actors, unfettered trade, financial integration and social ties. However, it does not contain specific provisions, comprising only a set of general guidelines. The formal basis for participation in the Belt and Road Initiative is the Memorandum of Understanding (MoU) signed between the People’s Republic of China and a

given country. The MoU is a typical act of so-called ‘soft law’. In principle, it is defined negatively, unlike the sources of international law listed in Article 38 of the Statute of the International Court of Justice (the chief judicial organ of the United Nations) (International Court of Justice 2022). Soft law is formed by a kind of acts which, in their form and procedure of conclusion, correspond to the standards of international law but due to their low degree of formalisation and concreteness and the related lack of sanctions for non-compliance, create a very flexible legal relationship between the parties. The practice of the Belt and Road so far indicates that the MoUs concluded between states are similar to each other. However, due to their vagueness and limited content, they leave a lot of room for individually formulated actions. The lack of concrete legal regulations binding the BRI together finds its basis in the official narrative behind the entire project. During the Belt and Road Forum in May 2017, Xi Jinping spoke of the BRI as “a new form of international relations, characterised by win-win cooperation”, where “all states will respect their independence (...) their own development paths and social systems” (Belt and Road Forum for International Cooperation 2017: 5). In the words of Chinese politicians as well as academics, we find arguments signaling the need to abandon the current shape of international politics. Chinese rhetoric points to it being anachronistic in times of globalisation, favouring strong nation states and even accuses it of increasing inequality. If we look at maps depicting the geographical distribution of the Belt and Road infrastructure, we can see that there is a single space connecting the communities of Asia, Europe and parts of Africa within the framework of unfettered trade.

China’s different stance on international law is worth pointing out. This approach was made explicit by the signing of the declaration by China and Russia regarding their own interpretation of the international system – The Declaration of the Russian Federation and the People’s Republic of China on the Promotion of International Law (Ministry of Foreign Affairs of the Russian Federation 2016). The Declaration appears to refer to the sanctions adopted against Russia’s intervention in Crimea by referring to the requirement of the approval of the coercive measures by the United Nations Security Council, and to China’s activities in the South China Sea by referring to the parties’ commitment to the United Nations Convention on the Law of the Sea. (Lewis & Moise 2018) The key words of the Declaration, highlighted by Donald J. Lewis and

Diana Moise, are independence, equal footing, and non-intervention. Meanwhile there is no reference to democracy, nor to human rights. This is an extremely important indication to consider when interpreting Chinese legislation functionally. Moreover, what is contained in the text of the Declaration demonstrates corresponding values in the legal culture of the Chinese people. The Chinese look at law in a different way to Europeans because of their different legal history. Despite the differences between the laws in the various countries of the European Union, all the Member States share common values. At this point, it is also worth emphasising the similarities between the Polish and German legal systems. Both the Polish and German legal systems are classic European (or continental) systems. This means that they are systems of statute law, also known as civil law systems. They were formed on the basis of the reception of the traditions and culture of the Roman Empire (Roman law). Furthermore, legal consciousness depends on the axiology shared in society. Since Poland's accession to the European Union, Poland and Germany have become members of a shared legal space based on a common axiology.

How the BRI is intended to achieve the unfettered trade is, however, not specified. In general, the Chinese government has never defined the BRI (Gan et al. 2016). In a testimony before the European Parliament the BRI was classified just as a branding strategy for China's foreign policy, as numerous pre-existing projects and investments have been rebranded as being under BRI after its introduction (Brinza 2020). The "Vision and Action on Jointly Building the Economic Belt along the Silk Road and the Maritime Silk Road of the 21st Century" is full of postulates on trade facilitation, removal of trade barriers, opening of free trade areas, lowering of non-tariff barriers, enhancement of trade liberalisation and promotion of trade balance (Belt and Road Forum for International Cooperation 2017). However, when it comes to China-EU trade relations, little has been done to fulfil any of these ideas. The idea of unimpeded trade was behind the creation of the European Union. Although it started as a European Coal and Steel Community focused on pooling together the resources of coal and steel it rapidly developed into a European Economic Community (EEC) and then further into the European Union. The Treaty of Rome that established the EEC significantly changed the trade relations between EEC members and other states. The EEC intended to work towards integration and economic growth through trade (Treaty of Rome 1957). Most importantly, the Treaty established a Common Mar-

ket, a customs union with common external tariffs on imports from outside the EEC and a common trade policy towards non-member states (Treaty of Rome 1957). These elements remained crucial after the EEC's transition to the European Community and then to the EU. The Common Market, as the backbone of the European Union, is exclusively regulated by the EU in the areas of customs union and common commercial policy (Treaty on the Functioning of the European Union, Art. 3). This common commercial policy is also applicable whenever China wants to trade with an EU Member State.

China has not advocated any sort of Free Trade Agreement (FTA) with the EU. Some academic voices point out that the conclusion of an FTA is not the point of the initiative (Lee 2018). At least not with the EU, as China has concluded a number of Free Trade Agreements with other BRI participants such as: Chile, Costa Rica, Georgia, the Maldives, New Zealand, Pakistan, Peru, Singapore, South Korea and ASEAN (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam) (Garcia-Herrero 2020). As such, Chinese goods imported to the EU are subject to relevant taxes and tariffs. However, even if there were an interest in the establishment of an FTA between China and the EU it would not be easy, or, even, possible. Many of the EU Member States do not participate in the BRI. Thus, conclusion of an FTA would not be of interest. As a result, it is not likely to occur (ibid).

On the other hand, the establishment of a free trade zone between other BRI participants without including EU Member States would have a negative impact on the interested states. They could lose their trade position to the states that would be members of the newly established free trade zone and that would benefit from the elimination of trade tariffs. Hence, the lack of focus on the removal of trade barriers and the effective achievement of unimpeded trade might not, in fact, be in the best interests of the EU, including Germany and Poland.

Both China and the EU Member States are members of the WTO. As such, they are all parties to Treaties regulating trade under the WTO legal order and it is these Treaties that provide for a general framework of trade relations between China and Poland or Germany. Most important is the General Agreement on Tariffs and Trade (GATT 1986). It was created with the aim of expanding the production and exchange of goods mostly through substantial reduction of tariffs, other trade barriers and discrimi-

natory treatment in international trade (The General Agreement on Tariffs and Trade Preamble). The BRI, with its intention of providing unfettered trade by lowering non-tariff barriers, enhancing trade and promoting closer trade cooperation, was perceived as a potential threat to the aims of GATT (Lee 2018).

Of relevance to the BRI plan are the articles of GATT focused on Most-Favoured Nation Treatment (Art. I), and Article XXIV allowing for the creation of Customs Unions and Free-trade Areas (FTAs). Starting with the latter, Article XXIV of GATT allows the contracting parties to create closer levels of trade cooperation through customs unions or free-trade areas. However, it has the requirement that the duties that these customs unions or FTAs levy on non-parties are not more restrictive than the general duties and other regulations of commerce applicable before such a union or FTA was formed. Such a requirement should not be difficult to fulfil and does not seem to place an onerous burden on China or other BRI participants.

However, some authors have perceived as problematic the potential preferential treatment under the BRI scheme in light of the Most-Favoured Nation treatment (Lee 2018). The Most-Favoured Nation treatment prescribed in Art. I of GATT requires that all contracting states should be treated equally. Hence, if products from one of the contracting states were afforded preferential treatment in a state the same products from all other contracting states should be treated in the same way. Thus, there is a risk that China trading with a BRI participant would trigger Art. I and breach the Most Favoured Nation treatment provision. However, until now no cases that would evidence such problem have been brought before the WTO. Thus, showing that although the BRI has not been a cause of any legal advancement regarding trade, it has at least not led to the violation of the existing legal order of international trade (WTO 2022b).

However, the current level of WTO regulations was heavily criticised as being obsolete and not adjusted to its number of contracting states. Primarily, at the time of its creation, GATT had merely 23 signatories. Now, with over 160 members of WTO, the system is said to be in crisis – unable to properly monitor how members apply trade rules due to a lack of transparency in national trade legislation and practices (WTO 2019). Thus, there have been plenty of voices advocating WTO reform. Both the EU and China have also submitted their proposals on the reforms. The EU focused mostly on providing for more transparency and monitoring

of members' trade policy and an easier process to negotiate a new agreement plurilaterally (bringing together all WTO members). In its submission, China advocated reform that would resolve crucial and urgent issues threatening the existence of the WTO. As such, China mentioned the abuse of the National Security exception used to justify imposing unwarranted tariffs and unilateral measures inconsistent with WTO rules which certain states imposed through economic sanctions or import tariffs (WTO 2019). China is proposing to address these problems through an enhanced multilateral review mechanism authorising states affected to effective provisional remedies and accelerated dispute settlement proceedings.

Although the talks concerning reform were scheduled for 2021, during the 12th Ministerial Conference, they were postponed due to the COVID-19 pandemic (WTO 2022a). Such a postponement does not give concrete reasons for hope of change but it does give China more time to advocate support for its proposed reforms. And these reforms can influence the legal scheme of the BRI.

Nevertheless, the discussion on how the BRI will provide the legal framework for unfettered trade might not yield the clearest results. Even within the international framework the BRI is mostly described as a set of bilateral agreements; thus resulting in potential trade improvement between China and that contracting state. Furthermore, the crucial players in the BRI are not states, but businesses and corporations. They are the ones responsible for most of the trade contracts within the BRI, as they trade with each other. As private actors they are not constrained by requirements of equal treatment of goods, such as Most-Favoured Nation treatment, but can choose with whom to trade and which law should govern their contractual relationship. The moment that these imported or exported goods are confronted with the legal framework created by the relevant BRI participating state is only at the time of import or export. Thus, any influence the state might have on such a trading relationship is not significant.

Moreover, it is difficult to identify particular trade relations happening under the BRI because of the lack of cohesion of the initiative. Thus, any complex analysis is not possible without insight into trade contracts between businesses, which usually remain confidential. As a result, analysis of the legal framework that could drive unimpeded trade remains elusive and is limited only to the international law obligations that govern trade between BRI participating states (Brinza 2020).

3. *Conclusion*

The BRI is not a single megaproject but a continuously growing initiative with a large portfolio of projects for rail, road, sea and airport infrastructure, power and water infrastructure, real estate contracts and, more recently, digital infrastructure. For these projects to be realised, the BRI builds on increasing institutionalised, contractual and structured cooperation between China and other states. As a side note, it is worth pointing out an issue that will perhaps be developed more in the future and become the subject of general debate. The question will arise whether one element of this initiative will be, directly or indirectly, the transposition of Chinese models, legal axiology and legal concepts to the countries participating in the BRI initiative, including Poland and Germany.

As mentioned at the beginning, the Silk Road has an infrastructure that has been in use for several eras. However, the world is changing and so is the legal environment. It is important to note that, as a great power, China is now in cooperation with different countries and, as a result, with different legal systems. As mentioned above, the dimensions to consider are the BRI-specific documents, the growing number of non-binding or binding Memoranda of Understanding between China and other states and organisations, and the BRI-related rules that may apply to BRI economic activities, such as World Trade Organisation (WTO) law, regional trade agreements and international investment agreements. Also, an important document is the “Vision and Action on Jointly Building the Economic Belt along the Silk Road and the Maritime Silk Road of the 21st Century”, jointly drafted by the National Development and Reform Commission, the Ministry of Foreign Affairs and the Ministry of Commerce of the People’s Republic of China. However, it is important to note that this large project cannot simply be put into one legal perspective. In summary it can be seen, that many different legal bases need to be taken into consideration. What is important to take into account are not only the state actors, but especially the companies that result from the different trade relations of the different countries. These make up the bulk of the trade agreements, in terms of cooperation between the different states, along the Silk Road. Since they act as private players, they are more liberal in their trade decisions and, accordingly, also in the legal consequences.

Perhaps, the best way to achieve unimpeded trade is not through legal means but through all other actions influencing trade, such as the devel-

opment of transport infrastructure, economic motivators or subsidies or political negotiations, such as the aforementioned push for WTO reform. In fact, the BRI is described as being focused on building trade infrastructure first, and further on building soft power for China (Garcia-Herrero 2020).

China has made investments into infrastructure that were intended to ease bottlenecks in cross-border transportation. If understood within this framework, the current direction of the BRI, with its attempts at unfettered trade through transport infrastructure, are also beneficial to the EU. As it is mostly China that finances the infrastructure, EU member States trading with China can only reap the benefits (*ibid.*). On the other hand, at some point the financial aspects will become a challenge – for now both Chinese enterprises and rail trade depend on government money. The Chinese government is subsidising the costs of rail trade, paying for the empty trains to come back to China, while most of the trading enterprises were provided with loans of millions of dollars to finance their undertakings (Brinza 2020).

Nevertheless, whether these additional subsidies provided by the Chinese government were actually necessary can only be judged from the perspective of time. Currently, these actions are perceived by some critics as unnecessary – not required to stimulate trade, as most trade projects existed before the BRI and were merely renamed under the auspices of the emerging initiative. Moreover, the others would have happened without the BRI (*ibid.*).

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Civil Society and the Belt and Road Initiative

The Cases of Germany and Poland

Jessica Britzwein and Aleksandra Balasińska

1. Introduction

This chapter looks at “The impacts of the Belt and Road Initiative on Europe” from the perspective of Civil Society. While Civil Society is one of three arenas of society which does cover a large part of all our daily lives and activities (Strachwitz 2020), it seems to be widely neglected in the ongoing debate about the impacts of the Belt and Road Initiative (BRI). To counteract that observation the following research question has been derived to shed some light on the issue: How does the BRI interact with civil society in Europe? Starting off with the question of whether the BRI has an impact on civil society in Europe this explorative project also focuses on how civil society organisations (CSO) have behaved towards the emergence of the global project in recent years. To approach those questions, an exploratory case study on the cases of Germany and Poland was conducted.

The following paper first provides background information on the BRI and the concept of civil society. Afterwards the methodology applied is described, and the results of both cases are presented and contextualised in a discussion.

2. *Background*

2.1 *The Belt and Road Initiative*

According to Lubina Sarwar (2017) historically the term “Silk Road” described a series of trade routes connecting Europe through Central Asia and Persia with China in the time between 130 BC and 1453 AD. Known for trade in silk and spices, it enabled exchanges of goods, culture and knowledge along its paths. Recently the idea of active trade corridors on the continent was revived by Chinese President Xi Jinping in 2013 when he introduced the Chinese idea of the Belt and Road Initiative (BRI). While the historic silk routes were a connecting route for trade and cultural exchange with little political relevance, in contrast, today the BRI is an instrument and an apparent display of China’s present-day political ambitions (Sarwar 2017: 13-20).

Today the BRI has a dominant role in China’s policy plans and is seen as its most ambitious trade and investment project. The BRI encompasses 65 countries and covers about 60 per cent of the world’s population with the aim of reshaping China’s trade routes. It consists of the Silk Road Economic Belt, which connects China by land with Europe, and the 21st-Century Maritime Silk Road, which connects China by sea with South-east Asia, the Middle East and Africa (Djankov & Miner 2016: 6). \$250 billion from China’s state-owned banks had already been invested in railroads and power plants along the routes by 2015. Investment in the Belt and Road Initiative is expected to reach \$4 trillion by the end of the program. The focus of investment thus far has been on transport infrastructure to Europe, linking Asia to Europe via railways, roads, ports, industrial parks and logistics centres (Djankov & Miner 2016: 8).

By facilitating development finance and executing various projects, the BRI promotes the building of infrastructure that links regions within China as well as China with its international partners. With its activities, it also seems to meet a long-known deficit of infrastructure especially in developing countries, and can therefore also be seen as a Chinese foreign aid initiative. Nonetheless, it is widely criticized at an international level (Dossani et al. 2020: 9). Dossani et al. (2020: 2-4) provide an overview of the topics referred to by critics and identifies nine aspects for which the BRI is criticized. These range from the growing dependency of BRI

project states on the Chinese State to the allegation of inadequate attention to the Sustainable Development Goals to name but two.

2.2 The Role of Civil Society in the BRI

There is only little information available on the role of civil society in today's BRI. The little information that we found in our literature review has been published by civil society organisations (CSOs).

According to Christian Straube (2020), the environmental and social impacts of BRI projects are immense. In the past, different NGOs in BRI partner countries stood up to Chinese companies to the point of stopping entire projects. By the time of the second Silk Road Forum in 2019, decision-makers in China and in BRI partner countries had realized that local populations and NGOs needed to be involved more fundamentally in BRI projects. It was stated that the initiative should become greener, more intersectoral and more oriented towards public benefit. Nonetheless, it remains to be seen to what extent CSOs will be involved in future BRI projects (Straube 2020).

2.2.1 Chinese Civil Society

According to Jasen Tower (2020: 12) the fifth pillar of the BRI, and the one least regarded by international researchers, is the people-to-people pillar. It describes the Chinese goal to build partnerships between Chinese and foreign media, political parties, think tanks, development agencies, cultural associations, trade associations and NGOs. To achieve this aim, the Chinese government has set the goal to create at least 500 partnerships between Chinese NGOs and NGOs from other BRI countries to create a large network of CSOs alongside the BRI. Official BRI documents state that, by 2018, the Silk Road NGO network already counted 300 members (Tower 2020: 21). Whether CSOs from China will effectively improve the sustainability of BRI projects and the living conditions of people affected by it will be determined by the extent to which the Chinese CSOs will be responsive to the local context in the partner countries, and whether dialogue with local CSOs will take place on an equal footing (Straube 2020). It is worth mentioning that Chinese CSOs have little experience working in foreign countries and that, so far, they have

mainly been involved in the provision of humanitarian and medical aid through state development and aid operations. Further, their scope for action and their thematic positioning are strictly determined by the authoritarian system of the Chinese People's Republic (Straube 2020).

2.2.2 *International CSOs*

According to Straube (2020), internationally active NGOs leave their national context for different reasons, one being to trace value chains. In so doing, they become active in foreign regional areas by means of their watchdog function (Straube 2020). For international NGOs, the difficulty in working with Chinese NGOs on topics that are sensitive to the Chinese state has increased drastically over the last decade. One reason for this development is a new law about NGO management which was implemented in 2016 and led to all civil society activities and funds having to be approved by the state authorities a year in advance. Furthermore, new restrictions were implemented making it nearly impossible for Chinese NGOs to receive foreign funds (Tower 2020: 23).

3. *Civil Society Research*

The lack of research regarding the role of civil society in the BRI is symptomatic of a general lack of research on the field of civil society. According to David Hess “the term ‘undone science’ refers to the absence of scientific research that social movements and other CSOs find when attempting to make epistemic claims in the political field” (Hess 2009: 306). He further states that existing publications either come into being through gaining support from individual political actors or through CSOs funding their own research, which is mostly low budget and seldom peer-reviewed. Another challenge that arises within the field of civil society research is that the meaning of the term civil society has changed over decades and has a different meaning today than 100 years ago (Strachwitz et al. 2020: 9-39). Even today, there is much uncertainty among the public about what the term describes. This lack of a uniform definition leads to many misunderstandings and has a constraining effect on civil society discourse (Strachwitz 2020: 5). The Maccenata Institute, a think-tank-like CSO for Philanthropy and Civil Society under Dr Rupert

Graf Strachwitz, has put forward a modern concept of civil society which aims to be an internationally valid and usable working concept. Today the international and political debate largely agrees on the definitions provided in this concept (Strachwitz 2020: 13). It will be used throughout this study and is described in the following section.

3.1 Heritage

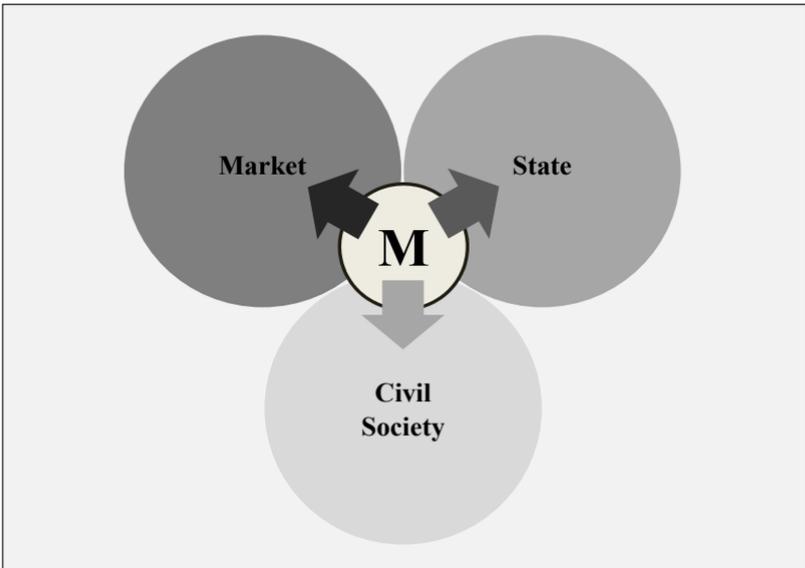
Historically civil society has been a long-known concept in western social and political theory which has recently enjoyed new attention (Kumar 1985: 109). Back in ancient Greece, Aristotle was the first to use the term *koinonia politike*, which translates to *societas civilis* in Latin. He was referring to the polity, a collection of people united in political order established without coercion. It therefore originally described the sphere that goes beyond the individual without differentiating between state and society (Strachwitz et al. 2020: 18). Following Aristotle, the understanding of the term civil society remained unchanged until the 18th century when a new development came from thinkers engaged in the Scottish Enlightenment. In 1767 Adam Ferguson was the first to conceptualise civil society as a sphere distinct from the state enabling a system of checks and balances (Kumar 1985: 109f.). In 1821 Hegel put forward his concept of the civic space (dt: *Bürgergesellschaft*) which today is sometimes misunderstood as a synonym for civil society but encompasses all three areas of collective action, namely the state, civil society and the economy (see Figure 1) (Strachwitz et al. 2020: 12f.). One more social scientist to mention in this context is Antonio Gramsci, who emphasised the role of civil society alongside political society and its importance for democracy (Strachwitz et al. 2020: 19).

3.1.1 Modern Concept

According to Rupert Strachwitz (2020), today civil society is a broad analytical concept that does not refer to civility and neither has a normative implication. The concept is based on the assumptions that the starting point of society is the human being in his or her distinctive and indispensable dignity and that collective action in and for society takes place in three arenas. The three arenas of collective action, which together form

what Hegel describes as civic space (dt: Bürgergesellschaft) are the state, the economy and civil society. These three arenas are not strictly segregated and can overlap in certain areas (Strachwitz 2020: 6, 12-14).

Figure 1: The Three Arenas of Collective Action



Source: Strachwitz (2021: 44).

Civil society participates in the struggle for power distribution in society in the same way as the other two arenas, and thus also includes a political component. Even though CSO actors have fewer material resources than players in the other two arenas and no special instruments of power, its strength lies in its capability to mobilise attention and reactions for certain issues (Strachwitz 2020: 6).

The players in civil society are referred to as civil society organisations (CSOs) which includes various players of different sizes, organisational forms and aims. This heterogeneous group shares a number of common characteristics. They subjectively pursue goals of the general good, their activities do not primarily serve economic goals, membership

is voluntary, they do not perform functions reserved for the monopoly of the state and surplus income from their activities is not distributed among their members. In this understanding, the indispensable added value of an active civil society for society lies in its creative contributions to social change, the securing of social peace through the creation of engagement possibilities and the formation of social capital and community (Strachwitz 2020: 5f.).

3.1.2 Functions

As mentioned before, civil society consists of numerous players who are very heterogeneous among themselves. This defining structure can lead to misunderstandings and results in no civil society player being able to speak for civil society as a whole and therefore provide easy answers to third parties' questions. To grasp the full range of civil society it is common to distinguish between the numerous CSOs according to specific criteria. Albert Hirschman (as cited in Strachwitz et al. 2020: 167) proposes categorisation into "loyal", "exit", or "voice" CSOs. In this scheme "loyal" organizations are those that support or supplement the predominant society, "exit" organisations stay in opposition to it and "voice" organisations are said to raise their voice in order to change existing conditions. Another way to categorise CSOs is to look at the functions they carry out. In 1997, the European Commission put forward a system distinguishing CSOs based on four functional areas, which has since been extended to a division of eight functional areas by the Maecenata Institute. Table 1 provides an overview and short descriptions of each of the functions and will be used as an analytical framework throughout this study (Strachwitz et al. 2020: 178-179).

Table 1: Functional Areas

Function	Description	Characteristic examples
Service function	The service function extends to all services provided by CSOs for the public that are called upon by individual citizens. These CSOs offer such services because of shortcomings in service provision from the state or economy and the continuation of long-lasting traditions. (Strachwitz et al. 2020: 174f.)	Hospitals, care facilities, kindergartens, museums
Advocacy function	The advocacy function consists of bringing self-selected issues to public attention and representing them especially towards politics and government. This typically extends to issues of general concern such as environmental protection or human rights but can also extend to issues of more limited concern and can also be driven by a high proportion of self-interest. (Strachwitz et al. 2020: 176f.)	Fridays for Future, citizens' initiatives
Watchdog function	The watchdog function refers to an equally formal and informal, and often highly effective vigilance over concerns that are in danger of being ignored in public debate or in powerful, e.g., economically determined, processes. Colin Crouch sees in it the future core task of civil society since the checks and balances of representative democracy are no longer functional and must be replaced by new control mechanisms. (Strachwitz et al. 2020: 178f.)	Consumer protection associations,
Self-help function	The self-help function is classically realized in self-help organizations. It enables members to exchange experiences, provide assistance in solidarity and develop positions on issues that affect the members. (Strachwitz et al. 2020: 179)	Patient self-help groups, Alcoholics Anonymous
Intermediary function	The intermediary function refers to actions of CSOs which aim at supporting other CSOs in their work. These activities are usually carried out by grant-making foundations and umbrella organizations and include the transfer of knowledge, training opportunities and pooling of members' interests and their collective representation to third parties. (Strachwitz et al. 2020: 179f.)	Grant-making foundations, umbrella organizations

Community-building function	Also referred to as solidarity creation function and often underestimated, the community-building function is responsible for the highest added value of civil society. It refers to the fact that through their interaction CS actors create what Putnam calls social capital through their networks. Thus, they make a major contribution to the cohesion of society. Integration and inclusion processes happen almost naturally and in more effective ways than any political planning could achieve. (Strachwitz et al. 2020: 180)	Sports clubs, music and art clubs, carnival clubs
Public discourse function	The public discourse function refers to the open discourse taking place within civil society. The ongoing discussions deal with issues of general importance and provide different approaches to solutions. The discussions form a necessary base for following political decisions in a democratic system. In addition, many important decisions require a change in social awareness independently of a political decision and develop their effectiveness directly through the debate. (Strachwitz et al. 2020: 181)	Different Types of CSOs
Personal growth function	The personal growth function refers to all CSO activities that aim at or have the effect to support individuals in finding personal fulfilment. (Strachwitz et al. 2020: 181f.)	Different Types of CSOs

Source: Own table.

4. Method

How does the BRI interact with civil society in Europe? To answer this research question, Robert K. Yins' (2018: 4) suggestion for approaching "how" questions in research was followed by conducting an exploratory case study.

Due to the lack of scientific research on civil society (Hassel 2009), interviews were used to collect data for the case study. A total of five qualitative semi-structured expert interviews were conducted, of which three were with experts from Germany and two with experts from Poland. Interview partners were selected based on their knowledge and experience in the two rather distinct fields of the BRI and civil society research. Table 2 provides an overview of the experts, their institutional

Table 2. Experts

	Expert_1 ¹	Expert_2	Expert_3	Expert_4	Expert_5
Date	07.12.2021	16.12.2021	21.12.2017	09.12.2021	03.01.2022
Organisation	CSO with focus on civil society in Asia	Think-tank like CSO with focus on civil society research	University and Konfuzius institute	University	University, University-based think tank
Location	Cologne, Germany	Berlin, Germany	Duisburg, Germany	Warsaw, Poland	Łódź, Poland
Academic Background	East Asian Studies, International Communication, Economics and Political Science of South Asia	Political science, history and art history	Political science, ethnology, sinology; philosophy	Sociologist, civil society expert, professor at the University	Political scientist and German expert, Assistant Professor at the University
BRI Relation	Focus in their work on the internationalisation of Chinese civil society in the context of the BRI	Not a research focus; observes the BRI out of interest in the social and political developments that it might affect	Not the main research focus; encountered the BRI in his work on China's foreign and domestic policies	BRI is not a research focus; observes it and notices its presence	Deals comprehensively with the topic of the New Silk Road
Understanding of Civil Society	Civil Society as sector opposed to economy and state; emphasises that the role of civil society depends on the national context in which it is active	Civil society as an arena of collective action in the public space, composed of players to whom a number of common characteristics can be assigned	Civil Society as a self-organisation of society independent from the state; the sphere of society distinct from the state; entails political and non-political organisations	Civil Society is a sphere of voluntary activity, which is independent of the economy and the activities of state institutions. It's also all kinds of spontaneous social activity, not necessarily organized, aimed at introducing some changes in the social environment.	Civil Society is about commitment, interest, not being passive and being interested in what is happening around society. It's also the desire to actively participate in what is happening around one.
¹ EXPERT_1 actually entails two people. They conducted the interview together and will be summarised as one Expert since they work closely together on the same topics and their opinions did not differ significantly in the interview.					

Source: Own table.

and academic backgrounds, their connection to the BRI and their theoretical understanding of civil society. This background information was collected because we assume that the expert's background significantly influences their view on the topic. It is worth mentioning that finding suitable interview partners was difficult and this led to the small number of interviews conducted.

For the analysis of the interview materials from Germany, the six-step guide for systematic and focused analysis of guided interviews by Kuckartz & Rädiker (2020) was used. Accordingly, a categorisation system was developed starting with categories derived from the interview guide, which were further supplemented as needed during the analysis process. This led to a category system of eight categories (see Table 2). The categories 1,2 and 3 sum up context information on the experts while categories 4-8 involve the information on which the focused analysis concentrates.

As mentioned previously, the categorisation system using functions (see Figure 1) provided by the Maecenata Institute for Philanthropy and Civil Society is used as an analytical framework to achieve a systematic overview of heterogeneous civil society. Further, the first view of the data led to the realisation that German CSOs not only operate in different functional areas regarding the BRI but also that their actions aim at three different geographical areas. Their actions either relate directly to Germany, indirectly to BRI partner countries or further to Chinese civil society. This observation adds a second dimension to the described framework, which now forms an 8x3 matrix with the different functional areas on the y-axis and the geographical areas on the x-axis (see Table 2). All interview passages previously assigned to categories 4, 5 or 6 were reviewed again and allocated to the respective fields of the described framework. The results of this process are presented in Table 3 and will be discussed in section 5.1.

The interview materials from Poland were analysed manually with a focus on category four and five of the categorisation system derived earlier (see Table 3) and the results are summarised in section 5.2.

Table 3: Category System

	Name of Category	Description	Colour
1	Civil Society understanding	Interviewee explains his or her understanding of the Civil Society concept	dark blue
2	Civil Society functions in Germany	Relevant functions of the Civil Society in Germany in general	light blue
3	BRI knowledge	Information on the expert's relation to the BRI	brown
4	BRI influence and CS reactions	Statements on the BRI's general influence on German civil society; statements on general civil society reaction towards BRI; observations or reactions from individual civil society players	orange
5	Future scenarios and hope	Possible future scenarios and hopes regarding the civil society BRI relation	yellow
6	Civil Society functions and BRI	Functions or possible function which German Civil Society fulfils or should fulfil	red
7	Difficulties	Difficulties regarding Civil Society actors' work in the context of the BRI	green
8	Chinese Civil Society	Comments on Chinese civil society; cooperation between, and connections with, Chinese and German civil society	purple

Source: Own table.

4.1 Case Descriptions

Germany and Poland were chosen as cases for this study because their differences in political commitment to the BRI (Nedopil 2022) and in civil society activity (Hummel et al. 2020: 53ff.,72f.) are promising factors for diverse results as examples for Europe.

4.1.1 The Case of Germany

Germany has 83 million inhabitants, is located in Central Europe (Statistisches Bundesamt 2022) and has not officially joined the BRI by signing an Memorandum of Understanding (Nedopil 2022). According to Katrin Bruchmann (2017) Germany is mainly connected to the BRI via the five

railway lines between Chongqing – Duisburg, Zhengzhou – Hamburg, Wuhan – Duisburg, Changsha – Duisburg and Shenyang – Leipzig. This network of rail links connects Europe with China and ends in the city of Duisburg, which is handled as the official endpoint of the BRI. The rail link between Duisburg and China was already in existence before the announcement of the BRI in 2013 and was later integrated into the BRI. Overland connections by train have reduced the transport time of goods from 40 days to two weeks and are therefore a logistical advantage for all parties involved (Bruchmann 2017).

First influences of the BRI on the local population have become visible. These primarily relate to the city of Duisburg and its surroundings due to the increased number of rail connections (Li 2016). Li describes a positive impact on local employment due to the increase in exports and imports. Furthermore, the interest of Chinese entrepreneurs and local governments in the city has increased, especially after the visit of Xi Jinping in 2014. The number of Chinese enterprises in the region and their investment has grown, and more Chinese local governments want to cooperate with the city. Li further expects that this trend will continue and that more Chinese companies will settle in the region in the future, which could make the region better known among the Chinese population and attract tourists (Li 2016). Research has further shown that the BRI influences the city image of Duisburg. Through its connection to the BRI, Duisburg is perceived as a more international city that has the potential to attract new companies and investors (Abels 2020).

German civil society is closely linked to the country's history, enjoys comparatively high social relevance, and traditionally cooperates closely with state players (Strachwitz 2020). The German state acknowledges the civil society in its service-providing and mediating function, accepts the self-help and community-building function, and has started to acknowledge the issue advocacy function but is still sceptical about its watchdog and political deliberation function (Strachwitz et al. 2020: 174). A survey on volunteering conducted in 2014 concluded that, in total, 44% of Germans over the age of 16 engage in civil society activities, 19% do so actively (Grande et al. 2021: 23f.). In terms of membership, the non-political sector makes up the largest part of German civil society. This sector is composed of sports, hobby and cultural associations. On the other hand, CSOs that are active in the health and charitable sectors generate the largest turnover. The economic importance of civil society is

difficult to estimate since most of its activities are not compensated in monetary terms. It is assumed that 5.3% of the German workforce is employed in CSOs (Strachwitz et al. 2020).

4.1.2 The Case of Poland

Poland, a country located in central Europe, was one of the first EU countries that engaged in the Belt and Road Initiative (Góralczyk 2013). According to Góralczyk (2013) it is also seen as the BRI initiative's gateway to central and western Europe and cooperation primarily revolved around the rail link between Łódź and Chengdu since its opening in 2013. Because of its location, Poland is the main land axis of the Silk Road (Góralczyk 2013).

As the partnership was strengthened in 2016, cooperation was based mostly on bilateral agreements (Choroś-Mrozowska 2018). Currently, Poland's main goal in relations with China is economic cooperation, especially increasing Polish exports to China (Kamiński et al. 2019).

According to Gliński (2011) In Poland civil society, as it is known today, only started to emerge at the beginning of early 1989 when the Round Table negotiations between the Communist government and the opposition Solidarity movement began. That was a turning point in Polish history in all areas of social life. In 1990, the government of Tadeusz Mazowiecki introduced a reform of local authorities that constituted the basis of local public life. At the same time, basic reforms took place, and areas of the healthcare, administration, pensions and education system changed. In the end, it was realised that without civil society, Poland wouldn't be able to deal with the challenges of the development of civilization and, in the end, the growth of civil society was considered as the obvious transformational goal (Gliński 2011).

Modern Polish civil society was shaped mainly by the historical factors that were developed in that region. Also, a low level of social trust among Polish society and the high importance of family and the Catholic Church were important factors creating civil society in Poland. Formal permission to form NGOs was obtained in mid-1989 (Ekiert et al. 2009). Next, 2003 and 2004 saw the passing of the Law on Public Benefit and Voluntary Work, and Poland's accession to the European Union. This brought great changes to Polish civil society in the legal environment in which these organizations function. Those changes brought opportunities

as well as challenges to CSOs. The Polish third sector mainly includes organizations whose activity is based on voluntary work. Three main forms of statutory CSO activities in Poland are service provision, material support and production of goods (Domaradzka 2015).

The worrying fact is that, in Poland, a problem of “shrinking civic space” can be perceived due to growing authoritarianism. Many social mass protest movements emerged related to the dissatisfaction of the Polish people with the decisions of the authorities. (Jacobsson & Korolczuk 2019). Civil society in Poland is still in the process of formation (e.g., Domaradzka 2015).

5. Findings

In the following sections, the results from the data collection in Germany and in Poland are presented.

5.1 Germany

5.1.1 Civil Society Activities in Relation to the BRI

How does German civil society react towards the BRI?

German civil society is very heterogeneous and therefore there is no uniform reaction regarding the BRI (Expert_3). Looking at civil society as an entity of many heterogeneous collective actors there are, in total, only very few reactions to the BRI and the individual players involved in it form a relatively small group (Expert_2; Expert_3). This estimate is exemplified by the fact that one of the experts who is currently part of a project researching the impacts of the BRI on the city of Duisburg and the surrounding area could not, at the time of the interview, name any CSO in Duisburg or the surrounding region that has reacted to the emergence of the project or is in any way involved with it. He briefly mentions the Confucius Institute in Duisburg but is not sure whether he should refer to it as a CSO. Expert_1 sees the reason for the lack of reaction “on the ground” in the fact that there are no official BRI projects in Germany while Expert_2 gives two other reasons: namely that civil society in Germany is mostly organised locally, which in most cases leads to it not noticing major developments such as the BRI and, further, that those who have taken notice of the project might not know where and how to get involved with it.

Even though German civil society is not very responsive towards the BRI, the experts could still observe a variety of individual reactions. All three experts described actions which aim at providing information about the BRI to the public. According to Expert_3, some political foundations host events on China on a regular basis and, in this scope, also promote exchange on the topic of the BRI. Experts_2 refers to organisations who provide information on the BRI by printing brochures. Even though he doubts the impact of those brochures, the production and distribution of them is a reaction towards the BRI. Expert_1 gives the example of a documentary called “BRI in my village” which is a shared initiative by a group of international CSOs. Further Expert_1, a member of a CSO himself, describes how German CSOs are showing solidarity with their partner CSOs in countries that are directly affected by the BRI and who have to deal with many problems regarding civil society participation in local BRI projects. He states that the first step in this solidarity-building process is to amplify their partner’s voice by recording their problems and making them public and accessible to the German-speaking world. The second step that has proven to be much more difficult is to create solidarity with CSOs in BRI countries in a way that leads to them having more opportunities to participate. He gives an example in which his CSO pointed out difficulties in emerging policy documents to a partner CSO in a BRI country and provided help based on their own experience.

5.1.2 Possible Developments and Experts’ Hopes

What future developments do German experts see or hope for?

Expert_1 explains that, in recent years, those responsible for the BRI projects have learned from their mistakes and adapted their policies accordingly. They have started to include more stakeholders in their projects, of which one is civil society. Following this line, Expert_1 believes that the longer the BRI exists the sooner it will become apparent that local civil society players are important stakeholders in BRI projects and are necessary to reinforce the positive effects of these projects. Therefore Expert_1 hopes that, despite the current development of the Chinese political structure, the impact of local and international civil society organisations on the BRI will increase. Expert_3 believes and hopes that the BRI will strengthen civil society exchange between Chinese and German CSOs on a citizen to citizen level. Since the BRI officially includes

a cultural level, he infers that it has become easier for the Chinese side of the exchange to get the necessary funding. He sees a special opportunity in cooperation between CSOs from the non-political spectrum. Exchange on a common non-political issue has led to fruitful exchange in recent times. In the past, exchanges took place between disability associations, sports clubs, singing clubs, local climate protection clubs and animal welfare clubs under the framework of twinning between Duisburg and Wuhan. Expert_2 explains that, at the current time, the options to engage with and help Chinese CSOs are very limited but that in future there might come a time where the restrictive Chinese policy changes and German CSOs can reopen dialogue with Chinese CSOs and help them if requested. He explains that a more open dialogue with Chinese civil society players was possible in the past and it is possible that it will be again. Further, he regards it as probable that certain voices from industry claiming that the Chinese way of dealing with certain topics has many advantages and should be adapted in Germany too will get stronger. In that scenario, he states that it is up to CSOs to engage in the debate defending the standpoint that a liberal society based on respect is ultimately more successful. The state cannot fulfil that function, which makes it even more important for CSOs in Germany to perform it.

Whether those future scenarios and hopes will hold true can only be assessed in future research. But today it might help to understand what functions German civil society performs or should perform in the eyes of the experts and in relation to the BRI and have therefore been taken into account in the analysis process described in the following section.

5.1.3 CSO Functional Areas and the BRI in Germany

As described earlier, the findings assigned to categories 4, 5 or 6 were reviewed and allocated to the respective fields of the derived framework. The results of this process are presented in Table 4 and lead to the following insights.

First of all the classification process leads to the result that the activities of German civil society concern four out of eight functional areas. The functions services, self-help, community-building and personal growth were not mentioned by any of the experts in the interviews. This is of interest since the service sector in particular is known as one of the biggest sectors in German civil society.

Table 4: Analytical Framework

Germany	BRI partner countries	China
Service function		
–	–	–
Advocacy function		
<ul style="list-style-type: none"> • creation of publicity for BRI issues from a CS perspective (E1) • voice amplification for partner CSOs (E1) 	–	–
Watchdog function		
<ul style="list-style-type: none"> • knowledge creation on the BRI (E1) • monitor developments in the Global Governance Structures (i.e., by monitoring the AIIB) (E1) • monitor rising voices favouring the Chinese top-down approach for Germany (E2) • monitor rising economic dependencies of Germany on China (E2) • monitor issues of environmental protection and sustainability regarding the BRI (E3) 	–	–
Self-help function		
–	–	–
Intermediary function		
–	<ul style="list-style-type: none"> • strengthen the capacity of BRI countries to deal with BRI investments (E1) • Solidarity through voice amplification and in a way that strengthens partner CSOs' opportunities for participation in BRI projects (E1) 	–
Community-building function		
–	–	–

Public discourse function		
<ul style="list-style-type: none"> • knowledge creation on the BRI (E1) • engage in public debate and oppose rising voices favouring the Chinese top-down approach for Germany (E2) 	–	–
Personal growth function		
–	–	–
Other		
–	–	<ul style="list-style-type: none"> • enable dialogues (E1) • bridge to Chinese civil society (E2) • support Chinese CSOs and sustain relationships (E3)

Source: Own table.

Watchdogs, Issue Advocates and Debate Participants in Germany

In Germany, the CSOs are active in their function as watchdogs, issue advocates, and actively contribute to public discourse on the BRI.

They fulfil their **watchdog** function in different ways. They engage in collaborative knowledge-creation processes with think tanks and international NGOs to gain an understanding and watch over what the “nebulous” term BRI actually stands for as well as observing the developments happening on the ground in BRI partner countries (Expert_1). They also monitor changes in the global governance sector, for example, by monitoring the investments of the AIIB (Expert_1). Further, Expert_2 explains that German CSOs should watch certain “tendencies” in industry which seem to have taken a liking to the Chinese top-down approach of decision making and might want to implement it in Germany. He also points out that the CSOs should watch the growing dependency of a large number of German businesses on Chinese players. Additionally, Expert_3 mentions the general topics of environmental protection and sustainability should be monitored but, at the same time, doubts that German civil society can have an impact on those issues in relation to the BRI since they are too far away from the actual projects. German CSOs appear as

issue advocates by bringing the BRI and the problems associated with it to the public's attention (Expert_1, Expert_2, Expert_3). By doing so, they amplify the voices of their partner CSOs in countries that are directly affected by the BRI (Expert_1). Through the described activities the CSOs participate in the **public debate** about the BRI. They provide input for it through their knowledge-creation processes and, as Expert_2 describes it, oppose the rising voices from the economic side that favour the Chinese top-down approach and want to implement it in Germany.

Intermediaries in BRI Partner Countries

As already indicated, a large part of the activities of German CSOs relates to assisting CSOs in partner countries where they are directly affected by the BRI. In this regard, German CSOs are active as intermediaries. Even if they do not have the classic form of umbrella organisations or funding foundations as defined in the literature (Strachwitz et al. 2020: 179f.), they take on the same function as they provide support through the transfer of knowledge, provision of training opportunities and through taking up their partner's interest and amplifying their voices in Germany (Expert_2).

Bridge to Chinese Civil Society

In the process of assigning the interview segments to the framework, one topic emerged that does not match one of the original eight functional areas. Although this topic is not necessarily related to the BRI it has become more relevant and is potentially influenced by the BRI.

Expert_2 elaborated that, due to today's very restrictive political leadership, which does not allow or hardly allows divergent ideas, concepts or opinions, the space for civil society activities in China is very much contested. Nonetheless Chinese civil society does exist and still holds a great intellectual and emotional potential (Expert_2). Through its partnership and networks with Chinese CSOs German civil society can help to keep in touch with this potential and thereby bridge political difficulties. Expert_1 mentions the same difficulties that Chinese civil society is currently facing and further explains that this situation makes it very difficult to find Chinese partners for civil society collaboration projects. Nevertheless, he sees it as his task as a CSO to look for possible formats for par-

participation and to use them to sustain the dialogue. CSO exchanges as part of city partnerships as described by Expert_3 might be such a possible participation format.

5.2 Poland

5.2.1 Civil Society Activities in Relation to the BRI

How does Polish civil society react to the BRI?

According to Expert_5, in the last few years, mainly due to slightly closer Polish-Chinese political contacts, the reaction of Polish civil society towards BRI has been quite positive. Communism and operating under Soviet rules facilitated contact between China and Poland. Since the 80s, there was strong political and economic support for Poland following the introduction of martial law. And this collaboration from 40 years ago is treated as a good starting point for cooperation nowadays (Expert_5).

Expert_5 also highlighted that more and more publications on the subject of the Belt and Road Initiative have started to appear in quality media. As a result, interest in Chinese affairs has also increased (Expert_5). According to the statement by Expert_5 statement, two or three years ago, the China-CEE Institute of Budapest conducted a study on the perception of the New Silk Road and “16 + 1” in the countries of Central and Eastern Europe, from which it turned out that Poland is at an average level in this respect. Half of the surveyed citizens know what “16+1” and BRI are, and about 40% of Polish society has a positive view of Polish-Chinese relations and Chinese involvement in this part of Europe. The research clearly showed that Poland is, as usual, divided into three groups: one group that evaluates China positively, one that evaluates it negatively, and a third that has no opinion. This is the standard when it comes to Polish society. Polish citizens have not had direct contact with Chinese investments, which is why the attitude of at least a third of the Polish is neutral.

Academically, a lot has started to happen on the subject of China. The presence of the BRI is primarily detectable in educational (mostly through the involvement of university think-tanks), local authority, and private company environments (Expert_5). For the last few years, several new research institutions have appeared. Chinese topics are even taken up by some research and analysis centres. There are also social media, podcasts,

publications, and news media such as TVN24 or Polsat News, where experts are invited. Social awareness in Poland regarding China, the political system in China, and economic changes in China are slowly taking place and changing (Expert_5).

There is also the important factor of Confucius Institutes and their impact on sharing knowledge and awareness of China's growing global economic and logistical position. Unfortunately, there is no direct connection with citizens in Poland (Expert_5). In Poland, there are already six Confucius Institutes though their involvement in the process of building these Polish-Chinese relations is still very small. The Confucius Institutes play or should play a huge role in how civil society reacts to the BRI (Expert_4). Nevertheless, how Polish Confucius Institutes should interact with Polish society is not mentioned. Many Polish experts on Chinese affairs are trying to build links with Chinese contacts. However, this is not enough to contribute fully to Polish civil society's interest in the BRI (Expert_4).

5.2.2 Possible Developments and Experts' Hopes

What future developments do Polish experts see or hope for?

The impact of BRI in Poland exists, but when it comes to civil society it is very limited (Expert_5). Expert_5 suggests an increase in public participation would be provided by the involvement of Confucius Institutes, the Chinese Embassy, and the creation of opportunities for soft cooperation, i.e., politically uncontroversial (e.g., cultural) cooperation. According to Expert_5, since there is no Polish foreign policy towards China, the experience of individual Polish cities or provinces (5 out of 16 voivodships in Poland have cooperation with regions in China) would be a good way for building such a strategy of Polish foreign policy towards China. There is no such strategy for Asia at all. Research institutions and thinktanks in Poland have conducted research on cooperation with business people, scientists, with the Polish diaspora in China on how a better strategy could be developed built towards China.

Expert_5 finally adds that there were quite bitter conclusions that there was so little little cooperation. The knowledge, experience, and skills of those who go to China, work in China, and know Chinese to formulate a strategy concerning the PRC or even a strategy towards the BRI is not sufficiently used. On the one hand, Poland is presented by representatives

as an important economic partner in the region for China, a logistics hub and an important partner in transport, but on the other hand, the New Silk Road still isn't in the sphere of Polish interest. This wasted opportunity results from the fact that no one coordinates cooperation with the Chinese on an ongoing basis, and does not take into account the experience and skills of people who are active in China.

From the point of view of Expert_4, perhaps the greater responsibility for the poor use of relations with China on the BRI lies with the Polish side. There is no consensus between political divisions and between different parties. If there were, this would be a simple way to manage the interests of Polish companies that could export their products to the Chinese market. It is sad how much-untapped potential there is as a partner of China.

What is important when it comes to non-economic issues concerning this Chinese political expansion into civil society, according to Expert_4, is soft action. Expert_4 states that there will simply be all sorts of attempts to control civil society, also sponsored by the Chinese authorities.

5.2.3 CSO Functional Areas and the BRI in Poland

Based on expert statements, the Service function and Advocacy function can be observed in Polish civil society. It is important to note that these are only conclusions drawn from the interviews. This does not exclude the presence of other functions.

Organised groups in Poland include organisations, associations and foundations (Service function). Some of the latter are economically active. Many civil society organisations are seen as economic "players" (Expert_4).

In the opinion of Expert_4, the most important function of civil society is the articulation of non-economic interests; to give citizens and residents a voice in shaping their environment, social or spatial environment. Expert_4 added that civil society also has a controlling function (institutions where there is a strong, independent civil society), as well as a form of social control where people supervise each other.

It was only after the Communist era that involvement in civil society in Poland increased. One of the interviewees (Expert_5) argues that the accession of the Polish state to both the European Union and NATO gave

Poles a greater sense of security as citizens, women¹, and participants in political life. It could also be that, thanks to the end of Communism, people were able to choose and act more freely in public. This was especially due to the new rise in mass media. This increased sense of security and awareness combined with a good level of economic development encouraged Polish civil society to grow and become more active. This can, for example, be witnessed through the increase in strikes over the last years.

From Expert_5's statement it can also be seen that there are elements of the Intermediary function in the activities of Polish civil society. Of course, they are not yet highly developed. From the interviews it emerged that civil society organizations in Poland are still developing. Expert_5 mentioned the example of the women's strike, which strongly mobilised Polish public opinion after the Constitutional Tribunal's verdict in October 2021. This strike was supported by millions of Polish people, but still, 37 million were not particularly involved. Civil society organizations in Poland are in a development process. The women's strike was certainly a very big breakthrough. These last years occurrences like the reform of the judiciary, women's strikes and the issue of national TV station being subordinated to the ruling party caused Poles to protest on the streets. In Germany this development happened earlier, so this topic of social engagement has already been dealt with to a large extent. As they are still in development, their functions, too, are in an embryonic state.

Most of the listed functions of Dr Strachwitz's theory are not mentioned by the experts in the interviews. Moreover, many of them are difficult to observe in the functioning of Polish society. The implication is that Polish civil society is not yet sufficiently developed to be combined with Dr Strachwitz's definition. The Polish experts interviewed were not familiar with Dr Strachwitz's definitions and concepts. This may show that this concept is not yet internationally known.

However, neither Expert_4 nor Expert_5 identified any specific link between Polish CSOs and the BRI. At this moment only academics (Expert_5) may be researching and following the BRI project, while local authorities, central level authorities and private companies are cooperating to make this concept work smoothly in Poland.

¹ Inequality of women's rights in Poland is still rarely recognised. The interviewee emphasised how the accession to EU and NATO positively affected the situation for women in Poland.

6. *Discussion*

From the interviews with the German experts, we learned that only a very small group of players within German civil society is engaged in activities related to the BRI. Nonetheless, all three experts were able to give at least one example of such activity ranging from information events to solidarity actions with foreign partners. In comparison no such concrete activities were mentioned by the interview partners from Poland. They were only able to provide us with their general impression: namely that the BRI is received positively within Polish civil society. A possible explanation for that difference could be the different history of the two countries which has led, as both Polish experts emphasised, to a Polish civil society that is not as strongly developed and active as civil society in Germany. It is also possible that because both Polish experts came from a strictly academic background they have simply not encountered or heard of examples of CSOs engaging with the BRI. Therefore, it cannot be ruled out that such activities do exist in Poland.

According to the Polish experts the most important functions fulfilled by Polish civil society are the articulation of non-economic interests and exercising control on an institutional and social level. Using the words of Strachwitz (2020) chosen for this study, they most likely referred to the watchdog and public debate function. Unfortunately, the interviews do not provide us with information on whether or how Polish civil society engages in those functions in relation to the BRI, which should be addressed in future research. Within the interviews it further became apparent that the Polish experts did not know the categorisation functions for civil society put forward by Strachwitz (2020), which raises the question of its use as a framework for an international study.

From the German interviews it was possible to learn about the functions that the German CSOs are fulfilling with regard to the BRI. In Germany the CSOs are active in their function as watchdogs and issue advocates and actively contribute to the public discourse on the BRI. Further, they engage in activities to support foreign CSOs that are dealing with the more direct impacts of the BRI in their regions and, by doing so, they act as intermediaries. By staying in contact and building partnerships with Chinese CSOs on non-political issues, German CSOs also act as a bridge to the increasingly restricted Chinese population and seem to be an important possibility for transcultural exchange in restrictive times.

7. *Limitations*

The main limitation of this study is that, within the available time and resources, only 5 interviews were conducted, which provided us with only little insight into the largely heterogeneous field of civil society activities in Germany and Poland. In spite of that, the in-depth analysis of the interviews conducted raised interesting findings and inspiration for future research. We were therefore able to provide first answers to our research question of how German and Polish civil society interacts with the BRI.

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The Correlation of Public Opinion about the BRI with the Three Dimensions of Sustainability in Germany and Poland

Tobias August and Natalia Ziólkowska

1. Background

Since Xi Jinping announced the Belt and Road Initiative in 2013, it has evolved into a complex Chinese foreign policy to establish its global position as a leader (Góralczyk 2018). As for Europe, it spans a lot of different projects (Pendrakowska 2018) which shape the direction of the development of European-Chinese relations. Since 2013 China has invested a lot of money in European countries through greenfield and brownfield projects, acquisitions, building infrastructure and buying stocks. The largest recipient has been Germany (MERICS 2022).

The Rhodium group and MERICS have annually published a report about Chinese FDI in Europe, and they mainly focus on the Chinese tendency to invest in Europe, on how this has changed and what are the reasons for this. They also analyze the European Commission's steps to screen Chinese FDI in Europe and the Comprehensive Agreement on Investment (CAI). This agreement took almost seven years to be made, however, the CAI has now been stopped by the European Commission due to Chinese sanctions imposed by the Chinese authorities on several European individuals and entities, including five Members of the European Parliament (Hu 2021). The so-called "war" with sanctions began in March 2021 starting with European allegations of human rights abuses in Xinjiang. European companies and academic institutions to some extents have contributed to allegations as they are cooperating with Chinese

companies who later use advanced technology to control society or develop the military and aerospace sector (MERICS 2021).

Over the course of time, Poland and Germany have developed different approaches to the Belt and Road Initiative compared to their initial enthusiasm. The German approach can be categorised in two phases – “the fluctuation phase” (2013-2016) and the “phase of conflict and cooperation” (2016-onward¹) (Ciesielska-Klikowska 2018). The first phase was at the very beginning when Xi Jinping had just announced the initiative and made a visit to Duisburg in 2014 to promote mutual relations between China and Germany as the new railway connections between those countries had been established. At that time, the German perception of the Chinese was rather positive, and these investments were seen as an opportunity rather than a threat to the German economy. Germany contributed USD 4.5 bn to the building of the Asian Infrastructure Investment Bank (AIIB) (Ciesielska-Klikowska 2018). Also the previous chancellor of Germany, Angela Merkel, placed importance on developing the BRI in Europe. Moreover, she appreciated the long-term perspective of Chinese leaders in terms of the BRI, who not only focus on the present-day influence of their project, but also on the future impact of the BRI on the world. Moreover, she emphasized the need for discussion about the consequences of the BRI when she visited Beijing in October 2015. After the fairly optimistic beginnings, the attitude toward Chinese investment in Germany started to change. This was mainly related to the intensification of Chinese actions in 2016 in Europe, especially in Germany. The flashpoint for public opinion was the acquisition of the German company Kuka Robotics, which is the world’s leading supplier of intelligent automation solutions. It offers customers everything they need from a single source: from robots and cells to fully automated systems and their networking in markets such as automotive, electronics, metal & plastic, consumer goods, e-commerce/retail and healthcare (KUKA 2021). KUKA was acquired by the Chinese company Midea in 2016. In the end, it triggered a public debate about implementing screening guidelines for foreign investments in the European Union to protect more sensitive data from leaving the EU. From then on, the German government was more careful about giving away its highly prestigious companies. An example can be seen in the failed acquisitions of Aixtron and Ledvance (Ciesielska-

¹ At least until 2018, the year Ciesielska-Klikowska’s article was published.

Klikowska 2018). Not only did the acquisition of Kuka contribute to the more negative view of Chinese actions, but also Chinese investments in CEEC countries could, in some way, harm cooperation between members within the EU.

However, Poland's opinion towards the BRI has also evolved. Early on, the Chinese Initiative was seen rather as an opportunity for Poland that could boost regional and sub-regional infrastructure investment (Pendrakowska 2018). The Polish government started to take action to strengthen its ties with the Chinese. In 2015 a Consulate General in Chengdu was established and also a Representative of the Ministry of Agriculture and Rural Development at the Polish Embassy in Beijing (Pendrakowska 2018). Another sign of cooperation between Poland and China was the opening of the "Port Gdańsk" office in Shanghai. At that time, relations between the two countries were at their peak. Former Polish Prime Minister, Beata Szydło was very active in the interests of the BRI. Later on, the political discourse in Poland on cooperation with the Middle Kingdom started to change towards loosening the bonds with China. The low point in Polish-Chinese economic relations was the refusal to sell Polish land in Łódź by former Minister of National Defence, Antoni Macierewicz in 2017. This situation profoundly impacted Sino-Polish relations within the BRI, as the aforementioned land was intended to be a logistic hub for the rail links between China and Europe. From then on, the work of the Polish government towards deepening the relations with China was not seen as setting great store by the Polish position in the EU and in the CEEC region.

2. *Germany and Poland – Two Countries Linked by Chinese Investments*

This research project focuses on Germany and Poland because they represent two vast parts of Europe and they cooperate with one another within the European Union and the "Weimar Triangle"². Germany, with

² Weimar Triangle – group consisting of Poland, Germany and France, whose aim is to strengthen cooperation between those countries. The heads of each country meet together depending on the ongoing situation in the region. The latest meeting was held Berlin in February 2022, where Emmanuel Macron, Andrzej Duda and Olaf Scholz discussed the effects of Russian aggression on Ukraine.

its 80 million population, is located in Central Europe and, since 2000, has been the largest recipient of Chinese investments in Europe (MERICS 2021). Moreover, there are a lot of cases where German (*Mittelstand*) companies were bought by Chinese ones who, through these acquisitions, gained access to know-how. This situation was also hard for German workers who suddenly had to get used to new rules and a new culture of doing business. All these Chinese actions left a mark on society and, as a result, the German government is no longer so open-minded towards Chinese investments and has worked for more screening guidelines (PISM 2021).

Poland has 38 million inhabitants and is located in Central-East Europe. Its geostrategic location makes Poland a gateway to the West of Europe. Hence, China is also taking steps toward Poland and is investing more and more money each year, especially in logistics. In Małaszewice, for example, there is a hub for transporting rail freight to Europe. In 2020, China spent almost \$1 bn in Poland according to the Polish Economic Institute.

3. *Research Gap and Subsequent Research Questions*

There is already extensive research in the literature on FDI in general and on the determinants of Chinese FDI, in particular (e.g., Buckley et al. 2007). As for the Chinese motivations, Gaur et al. (2018) explore the reasons why Chinese institutions make such investments.

The Belt and Road Initiative, as a central element of China's foreign trade strategy, is also considered from both economic and strategic perspectives (e.g., Jakimów 2019). Often, the focus of these studies is on different trade laws and national measures to handle FDIs. More rarely, the object of study is public perception. When this is the case, studies often rely on the analysis of public information sources (for example, Rabe & Gippner 2017) to capture the public's opinion toward China. To the best of our knowledge, only Cheng (2018) relies on a method of analysis that at least partially incorporates surveys that have already been conducted. In studies that rely on surveys and that focus on Europe, this involves examining an expert view rather than the general population (Ji 2020). In contrast, research on public perceptions of Chinese FDI is much more advanced in the United States, as shown in the studies by Zeng and Li (2019).

None of the studies we looked at examined the impact of Chinese investment on public perceptions of the BRI in particular – a fortiori, this is not the case for public perception comparing Germany and Poland.

While there has been much research on the general economic threats and benefits of the BRI for European countries, few researchers have taken the public opinion perspective on BRI into consideration. Against this background, this research project is aimed at analysing the perception of public opinion on Chinese investments in Europe. Therefore, our first research question is: How are Chinese investments in Europe changing the European attitude towards the Belt and Road Initiative?

The study also aims at analyzing how individuals' economic, environmental and social orientations have a direct influence on their perceptions of China's foreign policy and the Belt and Road Initiative in particular. Therefore, a second research question has been derived: How does an individual's economic, environmental and social orientations impact on public opinion regarding the BRI in Poland and Germany?

3.1 Methodology: Random Survey

Since general public perception is the focus of our investigation, research sources should reliably depict it. As the studies presented earlier show, indirect and secondary sources, such as the analysis of newspapers or TV reports, are also suitable for this purpose. For a direct survey of opinions, surveys are the means of choice.

For this research, a random sample was drawn. A random sample ensures better representativeness. Questionnaires distributed by the researchers are subject to selection bias, as more people from the researcher's own geographic, social or academic peer group will be included in the sample. Random samples are offered by various service providers who assemble a representative panel on behalf of the researchers and conduct the survey with this panel. In this study, an online Google Survey was conducted.

A study by Santoso et al. (2016) concludes that Google Consumer Surveys (GCS)

“can be used effectively to achieve balance across treatment groups, explore treatment heterogeneity, include manipulation checks, and that the provided inferred demographics may be sufficiently sound for weighting

Respondents were able to give their answers on a five-point ordinal scale. At one end was a “very positive” rating (5 out of a possible 5 points) of Chinese ambitions for their own country. The opposite end indicated a very negative impact (1 out of 5 possible points) on the respondent’s own country – as perceived by the respective respondent.

The second question established the link between perception of the BRI and respondents’ orientations towards social, economic and environmental dimensions (second research question). The respondents were presented with this definition and asked which dimension they thought was most important for their country. The selection fields were programmed in such a way that only one – and not several – of the three options could be chosen.

3.3 Conducting the Study

The study was set up separately in two different surveys – one for Germany, and one for Poland. Since Google only allows a survey in the respective national language, an original English-language text was first created for the questions. This was then translated by the authors into their respective native languages (Polish and German).

The survey was conducted over two days at the beginning of February 2022. 51 people took part in both the Polish and German versions of the survey – a total of 102 people were surveyed in both countries, but only 50 people in Germany and 47 people in Poland completed the survey in full and were therefore included in the results and analysis.

The demographic characteristics (in particular age, gender and region of residence) were automatically collected and provided by Google. Based on this data, Google also carried out an automated weighting using the country’s statistical population data. Groups underrepresented in the survey were compensated for with a corresponding factor.

3.4 Study Results

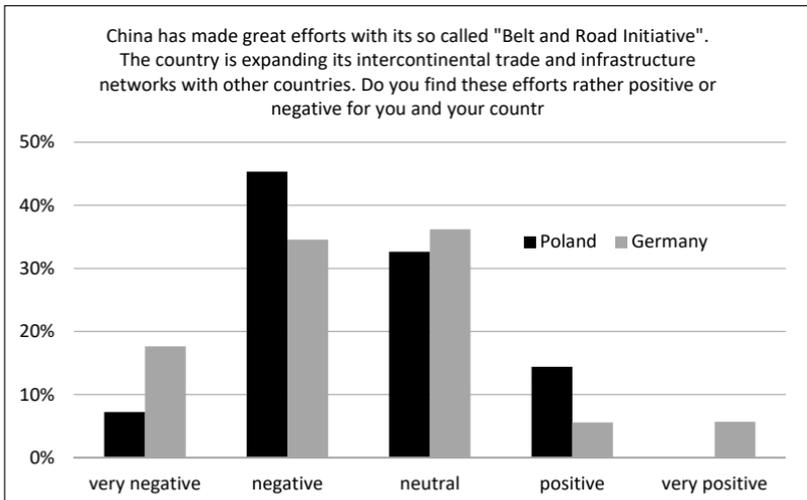
In response to the first question – about the implications of the Chinese initiatives for their own country – the overwhelming majority of participants in both countries answered rather negatively.

For example, 52.7 percent of Polish respondents said they feared negative (45.4%) or even very negative (7.3%) implications for their country. 32.7% held a balanced, neutral position. Only 14.5% saw mostly positive impacts on Poland from Chinese efforts such as the Belt and Road Initiative. No person had a very positive stance (5 out of a possible 5 points).

The picture was very similar in Germany. Here, 52.4% – only 0.3% less than in Poland – felt that Chinese efforts would tend to harm the country. 36.3% of respondents were neutral (3 out of 5 points). The advantages for Germany, and thus a positive attitude, were prioritized by 11.3%.

There was also great similarity between the Polish and German populations, represented by the respective panels of the survey, in the second question. The most important sustainability goal for the majority of both Polish and German survey participants was the environmental aspect. In Poland, 49.0% agreed with this, and in Germany 42.8%. In second place in both countries was the social factor of sustainability (Poland with 26.0% and Germany with 34.7%). The economic component was rated least important for sustainability in the respondents' own countries, at 24.9% (Poland) and 22.5% (Germany).

Figure 2: Results First Question



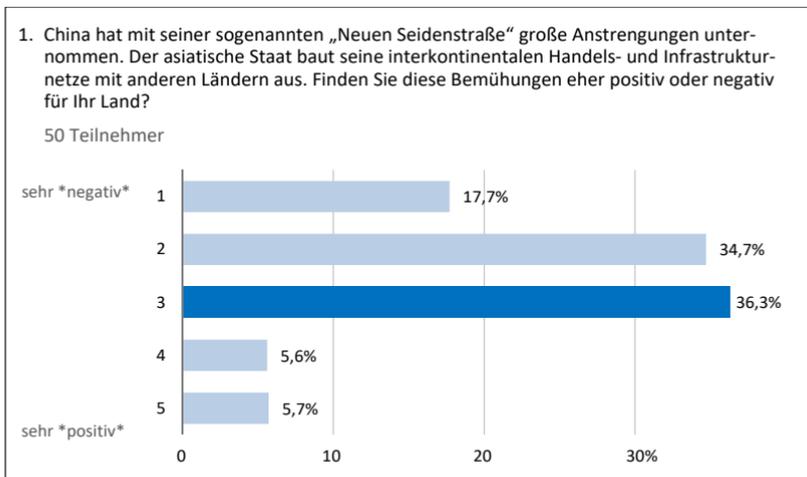
Source: Own illustration.

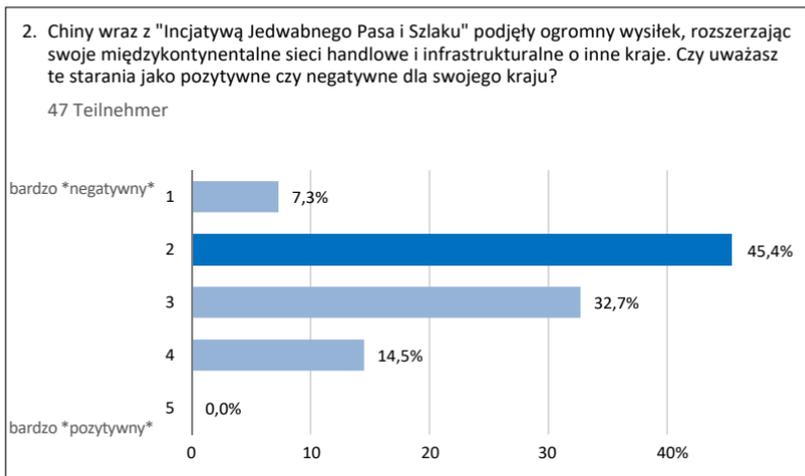
3.5 Second Level and Cross-Analysis

If one assumes a specific result of a question and looks at the subgroup of those who showed precisely this voting behaviour, then further conclusions can be drawn. In particular, it is interesting to see how the preference for the sustainability dimensions affects the perception of Chinese foreign policy. To confirm the hypothesis that there is a significant relationship between, for example, environmental orientation and the Belt and Road Initiative, the behaviour of individuals would have to differ significantly from the population.

First of all, we take a look at the overall results of the question about attitudes towards the Chinese foreign initiatives:

Figure 3: Compared Results





Source: Own illustration.

Google's "Data Studio" was used to analyze the subgroups in more detail. In the analysis, each dimension of sustainability (ecological, economic and social) represents a subgroup. The assessment of China's negotiation initiatives is now considered separately for each of these subgroups.

Among those who consider the economic dimension to be the most important, about 11.29% in Germany agree that Chinese efforts would have a particularly positive impact (5 out of 5 points) on their country. At the same time, only 10.2% of those who consider the environmental dimension most important for their country in terms of sustainability rate Chinese efforts positively. None of this group perceives China as particularly positive in this regard.

Table 1: Cross Analysis of the German Results

<i>Chinas perception</i>	very negative	negative	neutral	positive	very positive	total
Ecological dim.	27,87%	34,91%	27,92%	10,2%	0%	100%
Social dim.	13,15%	31,64%	42,67%	3,49%	9,05%	100%
Economic dim.	5,39%	38,99%	44,33%	0%	11,29%	100%

Source: Own table.

It seems that social sustainability in Germany plays a certain mediating role between the ecological and the economic dimension. While the greatest disapproval of Chinese foreign trade projects in Germany is to be found in the environmental camp, the greatest approval tends to come from the “economists”. People with a social preference for their country are roughly in between.

Table 2: Cross Analysis of Poland's Results

<i>China's perception</i>	very negative	negative	neutral	positive	very positive	total
Environmental dim.	3.74%	33.32%	38.22%	24.71%	0%	100%
Social dim.	14.08%	66.85%	12.99%	6.07%	0%	100%
Economic dim.	7.36%	46.63%	42.61%	3.41%	0%	100%

Source: Own illustration.

For Poland, the cross-analysis reveals a somewhat different picture. Regardless of the preference for sustainability expression, no one sees the increasing interdependence with China as very positive. It is surprising that the highest approval ratings come from the environmental of all places, and that the greatest disapproval is to be found among people who consider the social and environmental dimensions to be particularly important for their country.

4. Conclusions

Scepticism towards Chinese foreign trade efforts is strong in both the countries studied. Likewise, the order of preference for the sustainability dimension is identical in both countries. In each case, the environmental dimension of sustainability is the most important to people in their country.

A closer look at voting behaviour in Germany shows that people who are environment oriented and motivated, for example, are significantly more critical of Chinese efforts than people for whom the economic di-

mension is very important (people who vote “very negative” in question two: 27.87% to 5.39%).

However, this picture cannot be confirmed based on the Polish data. Here, for example, the approval rate for China’s foreign trade policy tends to be highest among the environmentally oriented group. It remains unclear what the reasons are for these differences in detail between the two countries. In general, however, it can be stated that the population in both countries – Poland and Germany – is rather sceptical about China and the BRI.

5. *Limitations and Critical Considerations*

A further breakdown of the survey data – for example by gender or age group – was not carried out. Based on the small number of participants in the survey, this would also not be expedient. Only about 50 people were surveyed per country. If these are divided according to gender (factor 2) and the favoured sustainability dimension (factor 3) as well as an age group (factor 6), we are already dealing with single individuals who elude any meaningful, generally valid statistical analysis.

This problem of representativeness is at the same time the main problem and the biggest limitation of this study. Instead of the calculated 385 surveys per country (which would have been necessary for representativeness according to common criteria), we achieved only about 1/8 of the required surveys due to a lack of funding. For this reason, the study fell short of the goal of being representative.

6. *Further Research*

We encourage taking up the idea of this study and continuing it in further academic research. This includes, in particular, improving the survey base by having significantly more participants in the survey. It is also interesting to expand the scope of the study both in terms of other subject areas that may correlate with attitudes toward China, but also in terms of other countries and the opinions that prevail there. In addition to these cross-sectional studies, a longitudinal section with an examination of the dimensions surveyed here over time also suggests itself. The image of

China may change positively or negatively with the increasing importance of the environmental dimension.

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Adding a Gender Perspective to the BRI

The Case of Educational Institutions and SOEs in Poland and Germany

Katharina Hahn and Sandra Krawczynszyn

1. Introduction: Social Values Under BRI

The Belt and Road Initiative (BRI) announced in 2013 by the Communist Party of China (CCP) is a project focusing primarily on building economic connections between China and individual regions of the world. The trails leading from China towards Russia, Central Asia, Europe and South Asia are investment projects dealing with building the necessary infrastructure and hence trade exchange. Apart from the development of infrastructure, which is in first place in terms of the value of the finance allocated to the BRI, the second place is taken by development of the energy sector. Significantly higher funds allocated to stop the increasing energy problems are the main, widely discussed goals of the initiative (OECD 2018).

It is often forgotten, however, that the BRI is also a project aimed at cultural exchange and displaying the values of China. According to the five principles of the BRI (Xi 2019), the project should be based on: peace and cooperation, openness and inclusiveness, mutual learning and mutual benefits, harmony and tolerance, market rules and international standards. The second, third and fourth principles are a direct reference to the human way of functioning in the world and our mutual existence. They encourage a broader, holistic view of the project implementation, giving priority not only to the political and economic aspects but also to the socio-cultural aspect of the Initiative.

Those principles are not limited to the Chinese nation, but their resonance aligns with European values as well. Focusing on common existence is not a new concept for Western nations; however, the idea of implementing them is different. What will be important for this paper is the fact that each culture defines these values in its own way. The approach to the presented slogans may be different due to the etymology of words, attempts to translate from foreign languages, historical experiences of the nation or upbringing in various philosophical and religious circles.

To be more precise, this paper examines gender equality values and their implementation under the BRI. As the book's use case is Poland and Germany, the range of gender equality was also limited. It contains two aspects: gender equality in public enterprises and gender equality in educational institutions. Public enterprises make up a huge part of Chinese investment into BRI countries and are regarded to have a special role model function. At first glance, those two fields are not connected at all, however, they are educational institutions that prepare young adults for their professional careers. Thus, the authors decided to describe those two aspects using distinct methodologies but to conclude the topic together.

The chapter is structured as follows: After a general overview of the legal status quo with regard to gender equality in Germany, Poland and BRI, the chapter is divided into two parts:

Part I – Educational Institutions: This part aims to analyse the role of educational institutions in promoting gender equality along the BRI. After a literature review on the social and cultural aspects of the BRI (which includes gender equality), this part concludes by presenting the (lack of) findings on the role of German and Polish educational institutions in promoting gender equality along the BRI.

Part II – Public Enterprises: After an overview of the largest Chinese investors in the BRI and their CSR policies, the issue of gender equality by the SOEs of the BRI is discussed. The example of the “German Corporate Governance Code” is then discussed and analysed as a possible response to gender equality along the BRI. The chapter finishes with a general conclusion.

2. *Germany, Poland and BRI: Legal Status Quo with Regard to Gender Equality*

This section deals with the status quo of gender equality in Poland and Germany and the impact that the BRI could have on gender equality.

Article three of the German Basic Law assigns the state the task of promoting the actual implementation of equal rights for women and men and working towards the elimination of existing disadvantages (GG Art. 3, para 1-3). In Germany, gender equality has been paid considerable attention in the last few years. In the global gender gap index 2021, which includes the four key dimensions of Economic Participation and Opportunity; Educational Attainment; Health and Survival; and Political Empowerment, Germany is in 11th place. In comparison, China ranks 107th and lacks especially when it comes to the political empowerment of women. However, in economic participation and opportunity, China ranks in front of a lot of the countries along the BRI such as Pakistan, Turkey, Jordan or Greece (World Economic Forum 2021). Especially in this case, China could have a positive impact through the BRI and its investments in supporting gender equality and promoting its values to other countries.

In 2015, Germany passed the “Führungspositionengesetz” setting the representation of women in leadership positions at the top of the political, economic and social agenda. Based on this law, German enterprises that are listed on the stock market and are subject to so-called parity co-determination laws that stipulate equal representation of employees and other stakeholders on the supervisory board are further obliged to have at least 30% of women on their supervisory board. In addition, enterprises that are either listed on the stock market and/or subject to parity co-determination are obliged to set targets for the representation of women on the board of directors or the management as well as in the first and second top-management levels below the board of directors or the management. As a transparency guideline, they must publish the representation of women in their annual report, which is publicly available (BGBl. I 2015). In 2021, Germany passed the continuing law with the “Führungspositionengesetz II”. If the executive board of a public limited company (AG), which is subject to the Co-determination Act, as well as in the case of a private limited company (GmbH) subject to the aforementioned co-determination laws, consists of more than three persons, in future the executive board will have to have at least one woman and at least one man. If the executive

board has not had a female member so far, only a woman can be effectively appointed as a member of the executive board if the appointment would result in a board with more than three members (BGBI I, Nr. 51 2021). Through these laws, Germany provides mandated self-regulation for its companies. They must ensure to set targets and publish their achievements, but they still can set the level of the targets for themselves. As is always the question between hard mechanisms including law and soft mechanisms based on self-regulation, Germany combines these two aspects to achieve a more equal balance between men and women in business.

The basis of Polish legal acts is its constitution. Article 33 of the second chapter stipulates that, in Poland, women and men have equal rights in family, political, social and economic life (Republic of Poland Constitution 1997). Moreover, they have an equal right to education, employment and promotion, to equal remuneration for work of equal value, to social security and to holding positions, performing functions, and obtaining public offices and decorations. When it comes to education, the constitution ensures universal and equal access to education. Other documents focusing on gender equality, in particular the protection of the rights of women in Poland, are the Act on amending the “Labour Code” and the “Act on social benefits from insurance in the event of sickness and maternity” (2016) that focus on granting women appropriate maternity leave, protecting the possibility of returning to work after taking this leave and granting benefits during and after pregnancy. There is also one, recently hotly debated, law “on family planning, protection of the human foetus and conditions for the admissibility of termination of pregnancy” (1993). In recent years, its content has severely limited the conditions under which women may undertake a pregnancy termination. Despite the provisions protecting the life and health of women, there are environments in Poland where the life of the foetus outweighs that of the mother. These circles call for a tightening of the abortion law, allowing the procedure only in the event that the baby’s life is at risk (for example, a pregnancy resulting from rape cannot be terminated). The Polish environment is very divided when it comes to the scope of women’s rights to decide over their own bodies, so it is even more difficult to expect interference from external bodies. With 55.8 out of 100 points, Poland ranks 24th in the EU on the Gender Equality Index. Poland’s score is 12.1 points below the EU’s average score (EIGE 2020). Nevertheless, Poland is also subject to

the laws defined by general legal acts issued both by the bodies of the European Union and by organisations such as the United Nations.

The BRI as an initiative has no legitimacy to set or force laws in other countries. However, China's soft power influence affects the countries along the BRI. As self-regulation mechanisms are not binding, they rely heavily on peer pressure. Using its soft power influence along the BRI, China would be able to bring about significant cultural change in organisations by providing a debate on fundamental principles of gender equality and justice. Through the introduction of self-regulation mechanisms in terms of gender equality, like the target-setting for women in top-management in Germany, the BRI could live up to its expectations and gain legitimacy.

On an international level, the EU Commission points out the urgency of equal leadership and strives for the goal to achieve 40% of women at all top-management levels (European Commission 2012). In addition, the UN and the OECD emphasise gender equality in leadership. The reason why the paper mentions countries' membership of the EU is the fact that there are rules suggesting the need to care for gender equality as well (in particular, the participation of women in spheres initially considered as masculine). Such values are defined, inter alia, by policies and initiatives such as Art. 157 "Treaty on the Functioning of the EU", "A Union of Equality: Gender Equality Strategy 2020-2025" (issued 2021), "Strategic Engagement for Gender Equality 2016-2019", "2011-2020 European Pact for gender equality", "Strategy for equality between women and men 2010-2015" or European Institute for Gender Equality (est. 2007). Although the purpose of this paper is not to examine the effectiveness of the abovementioned rights in the light of recent years, a noticeable trend is to promote the value of equality in the EU and, moreover, acts related to it are issued cyclically, during each change of the Union's government. The aim of the paper is to check whether the European (German and Polish) values are in force when it comes to the implementation of a foreign initiative such as the BRI.

3. *Part I: Educational Institutions*

3.1 *Literature Review*

As the paper focuses on Germany and Poland, this part of the literature review starts with presenting European scholars' perception of gender equality under the BRI. Polish and German studies, however, do not place so much emphasis on the cultural and social aspects of the BRI. Numerous papers describe the development of regional infrastructure and political cooperation between countries on the case, not the educational phenomenon (Nobis 2017; European Parliament 2021; Bickenbach et al. 2019).

For example, in her article "The Chinese Belt and Road Initiative from the Polish Perspective" Dominika Choroś-Mrozowska (2019) reports the information repeated in similar papers on the initiation of the BRI project, the historical outline of bilateral relations between Poland and China, the economic dependencies existing so far under the BRI, forecasts for further development of cooperation, taking into account both: the participation of Poland, for example, in the unsuccessful 16+1 format and analysing the type of products imported from China to Europe through Poland (Choroś Mrozowska 2019: 40-53).

The Polish Center for Eastern Studies re-examines the BRI case in the EU in depth (with one of the countries being Poland). The paper that presents the result of the study does not consider the cultural dimension of the BRI (Jakóbowski et al. 2018). The report focuses on the roads, systems and policies influencing the trail's development, however, there is no paragraph highlighting any social issues under the project. There are many other examples of papers that focus purely on infrastructure and economic activities. Nevertheless, there are also some contributions in the literature that highlight the role of culture in the context of the BRI. On this point, for example, Pendrakowska (2018) states that:

"The project is marked by different perspectives on values and culture, which are represented by countries from all around the world. [...] As a matter of fact, BRI can be compared to an umbrella under which various concepts can be put together under one name. Such conditions offer a possibility to assign certain projects arbitrarily to BRI without legal procedures or an acknowledged program. The central actor of this initiative is China, integrating both knowledge, as well as funds, in order to advance this development vision." (Pendrakowska 2019: 191)

The author is aware of the need to highlight cultural commonalities (Pendrakowska 2019: 191). Her article, despite the lack of direct links with the topic of gender equality, suggests Poland's identity with the values presented by larger groupings such as the V4 (i.e., the Visegrád Group: the cultural and political alliance of Czech Republic, Hungary, Poland, and Slovakia) or the EU (ibid.).

Another perspective is presented by Monika Paliszewska-Mojsiuk (2019). She emphasises the importance of raising children within a proper environment. Noting the BRI's impact on children can be considered a plus. Children also represent a minor group that is often omitted in the sources speaking about the BRI (Paliszewska-Mojsiuk 2019: 212-214). Moreover, it is the responsibility of current educational institutions to ensure that they are properly prepared. It is the scholars, with the help of educational institutions, who should now highlight the existence of groups that will soon be directly subject to initiatives such as the BRI.

When extending the analysis of sources to include other European sources, it is impossible not to mention the greatest power of the EU – the Federal Republic of Germany (Germany). As the largest economy in Europe, it would seem that Germany's decisions are broad and holistic. Expectations, however, are not reality, as German non-profit organisation portals (eg. MERICS) and authors also focus primarily on the geopolitical aspect of the country in the BRI (Eder & Mardell 2018). Although their reports are more pragmatic, they not only consider rail connections, but also extend the analysis to real figures and even mention the omission of 'small economies' in the project, though no social aspect is considered in their analysis.

Paradoxically, it is an article written by a Polish woman about the German perspective on the BRI that mentions the cultural relations between Germany and China. Apart from the political and historical background, it sums up the generally good bilateral cooperation of states, at the same time pointing to the need for other European countries to be inspired by this relationship (Ciesielska-Klikowska 2018: 110). In the article, however, despite so-called 'cultural exchange', the author does not specify which aspects of culture may be crucial for combining Chinese and European values, so the gender equality dimension is not visible here.

An interesting element of the analysis from the European side may be the fact that the only texts on gender equality under the BRI where the gap for the educational sector is mentioned were written by collaborative

teams of people with English and Chinese affiliations. It is also crucial that texts directly related to gender equality under the BRI published in Europe are usually published in two languages – English and Chinese.

The first extensive text on gender equality in the BRI is *Improving Gender Equality Through China's Belt and Road Initiative*. The report was endorsed by the Cultural and Education Section of the British Embassy in China and British Prime Minister Theresa May during her trip to China in 2018. A team of researchers, led by Lu Hain PhD from Renmin University of China Law School, conducted a study on how United Kingdom (UK)-China collaboration under the aegis of the BRI affects opportunities for improving gender equality. The report is divided into 5 sections, but only the first deals with the overall image and characteristics of the BRI. The second looks at the gender equality situation in countries that lie on the BRI, the third deals with the gender gap on Chinese foreign investment policy analysis. The fourth section, on the other hand, provides instructions on the 'mainstream' principles of the BRI, and the fifth examines the potential of China's further cooperation with the UK in the light of the promotion of gender equality. The report is rich, not limited to just two countries, but explores the impact of the BRI on equality in other countries as well. Researching the possibilities and creating a real path of cooperation to improve gender equality is a project in itself that could be promoted as one of the flagships for the New Silk Road. However, despite the great commitment and effort put into writing the draft, the Government of the UK decided that the draft did not affect the further operation of the internal policy of the country.

There was a time, however, when the UK tried to implement European values of gender equality in Chinese companies operating in the country. Along with the event described in the previous paragraph, there was a conference of the British Embassy in Beijing. During the event, Dame Barbara Woodward, former Ambassador to China, gathered representatives from 22 Chinese and British companies. The aim of the event was, on the one hand, to introduce the ambassador as the first woman on this post and, on the other, to reward the winners of the "Be Yourself" campaign (British Government 2018).

Articles written by Chinese scholars are thematically precise. A common name in the field of equality under the BRI is a lecturer at the Renmin University of China – Lu Haina. According to her, China has not developed a gender-mainstreaming or rights-based approach to implementing

the BRI (Lu 2018). She argues that it is China's "international human rights obligation" to develop this kind of approach and that the country should adopt a gender policy in the BRI "to ensure that its overseas investments and aid programs respect and promote gender equality" (Lu 2019: 445). At first, she maps China's overseas investments (also related to the education sector) and aid globally and particularly in BRI countries. Then she moves to review international papers on standards on gender equality in transnational trade and foreign investment, which has not been done in any other paper. The scholar also conducts a gap analysis on the gender policy followed by China's overseas investment and aid programs set within the context of international standards. The paper also recommends possibilities for politicians to take steps to ensure gender equality is mainstreamed in BRI projects in China.

Ying Wu's (2020) article is also thematically defined. She starts with linguistic connotations and the development of women's rights in China. Only later, turning to the analysis of the figures, does she draw the conclusion that the BRI may be a new path to "Advance Gender Equality" (Wu 2020). However, aware of the way that money is invested, she argues that those investments are harmful to women. She tries to draw attention to the positive aspects of Chinese interference in gender equality. She points out education-related initiatives such as conferences, projects (e.g., "health projects" or "happy campus"), and voluntary donations to global gender equality organizations. She also mentions the role of civil society, which often has very limited possibilities in China.

Chinese sources largely pay attention to the implementation of the goal of sustainable development (SDG) within the BRI (e.g., Renwick et al. 2016). This is related because the SDGs also take into account gender equality (goal number five – gender equality). Primary passages not only assume Sustainable Development Goals but also explain what the BRI's further policies can learn from them (Li & Zhu 2019). The arguments mainly mention cooperation with institutions dealing with human rights, such as the United Nations Development Program, and also point to activities related to win-win and building a common community with shared interests. All these slogans indicate the need to find fraternal relationships because problems and needs are the same everywhere. Despite the lack of direct proposals, it can be assumed that the education sector is one way by which the idea of gender equality can be implemented.

3.2 *Data on Gender Equality in Education Institutions in Poland and Germany: A Lack of Findings as the Main Finding*

The primary data source for this research was observation during the scientific trips of the Transcultural Caravan 2021 project. Trips to Łódź and Duisburg in the summer of 2021 were the basis for a general understanding of the functioning of educational institutions directly or indirectly cooperating with China's New Silk Road.

Interviews were planned to complement the data source. As a starting point for the interviews a list of educational centres that may have an impact on fostering gender equality along the BRI has been selected. The choice of institutions was dictated by the fact that the aforementioned institutions engage in studies related to China – they offer China studies programs or are academic organisations whose main goal is to conduct research into Asian countries.

Table 1: List of Educational Institutions Related to China Studies in Duisburg and Łódź

No.	City	Description
1.	Duisburg	One of Germany's large centres of social science research into contemporary East Asia. It runs Bachelor's, Master's and doctoral programs, each covering intensive training in one of the East Asian languages.
2.	Duisburg	Network of European research schools with a social-science focus on East Asia. The participating institutions are active in tertiary education, so the network cooperates in post-graduate training as well as in research.
3.	Duisburg	A registered non-profit association.
4.	Duisburg	Joint research alliance.
5.	Duisburg	University
6.	Duisburg	Socio-ecological and socio-politically active association for environmental protection, gentle tourism, sport and culture.
7.	Łódź	University
8.	Łódź	International forum for cooperation and exploration of new ideas regarding the region of East Asia.
9.	Łódź	University
10.	Łódź	Publishing house

11.	Łódź/Guangzhou	School
12.	Łódź/Tianjin	Institutional cooperation institution
13.	Łódź/Chengdu	Institutional cooperation institution
14.	Łódź	Summer School
15.	Łódź	Student Research Group

Source: Own table.

For studying the impacts of these institutions on gender equality in the framework of BRI, all of these institutions were contacted. Scheduling interviews was, however, impossible. The reasons for declining were a lack of experience in conducting research on gender studies (although the interview did not require one), no data on gender equality in the institution, no data on the impact of the BRI on the institution concerned. Some assessed that they were not specialists in gender studies (despite the authors' emphasising that the interview is not to be specialised, but only to collect information on whether a given issue exists among people responsible for the organisation of work in a given unit). Some institutions, despite their responses, suggested that they did not keep statistics on the implementation of gender equality policies, and did not feel the impact of BRI on the functioning of individuals as educational centres.

Although interviews were not conducted, this impossibility to reach out to experts to talk about gender equality or the lack of statistics on the topics may highlight a main finding, namely that gender equality is not yet a central topic on the agenda of the educational institutions that deal with/can influence the debate on the BRI. Therefore these institutions have not thus far influenced gender equality in the BRI.

It is necessary to consider what causes this passivity. Why is the social dimension, such as gender-equality along the BRI in European Educational Institutions with connections to China, not a topic of interest? Educational institutions are the main source of shaping the thoughts according to which we interpret given phenomena. Social and cultural principles of the BRI foster exchange and mutual cultural understanding. If both parties want to cooperate (even economically), it is necessary to prepare suitable ground for an exchange. Precisely these are educational environments that popularise knowledge on the cultural dimension.

A related space will be described in the next subchapter. After education, public enterprises operating in Germany can provide a suggestion for the implementation of gender equality under the BRI and increase sensitivity for gender issues and cultural exchange.

4. *Part II – Public Enterprises*

The following part will deal with public enterprises as one of the most important players in the BRI. The term public enterprise is used as a synonym for state-owned enterprises (SOEs), based on the definition of the Organisation for Economic Co-operation and Development (OECD). Therefore, “any corporate entity recognised by national law as an enterprise, and in which the state exercises ownership, should be considered as an SOE. This includes joint-stock companies, limited liability companies and partnerships limited by shares” (OECD 2018). SOEs owned by the central or federal government as well as SOEs owned by regional governments are included in this definition. Public enterprises primarily have to fulfil a public mandate and provide public goods. Private companies operate in a market-oriented manner, whereas public companies must primarily fulfil a politically defined public mandate. Therefore, they serve society as a whole.

In the BRI, Chinese SOEs fulfil a primary task. They act as a driving force pushing the Initiative further. Under the rule of the central government, they set up and manage transportation, energy, telecommunications and more. According to the State-Owned Assets Supervision and Administration Commission of the State Council (SASAC), in 2017, Chinese SOEs have invested in 185 regions and 9,112 subsidiaries (The state council information of the People’s Republic of China 2017). As Figure 1 shows, the main investors and the largest Chinese companies involved in construction projects in the BRI in 2021 are SOEs (Wang 2022:17).

They have invested in more than 3000 BRI projects and in 80% of the total contract value of all BRI projects. Weng Jieming, vice-chairman of the State-owned Assets Supervision and Administration Commission of the State Council, states that Chinese SOEs will “create a platform of compliance, openness, inclusiveness and cooperation (...) in markets related to the BRI (SASAC 2019a). Chinese SOEs are able to create value under the BRI by improving local workforce skills and creating numer-

ous jobs. By partnering with local representatives, Chinese SOEs are able to create social and economic value (Jigao et al. 2020: 49f.).

Figure 1: Largest Chinese Investors in the BRI in 2021

Largest Chinese investors in the BRI in 2021 (parent companies)		Largest Chinese companies involved in construction projects in the BRI in 2021 (parent companies)	
	% of total		% of total
Zijin Mining	17.2%	Power Construction Corp. (PowerChina)	23.8%
Boyuu Capital, Hillhouse Capital	16.0%	China Communications Construction	16.5%
China National Off-shore Oil (CNOOC)	12.2%	China Petroleum and Chemical (Sinopec)	9.2%
Tsingshan Holding	11.7%	China International Trust and Investment (CITIC)	9.0%
China Three Gorges	11.2%	China Railway Construction	8.6%
China Railway Construction	9.9%	China State Construction Engineering	7.3%
Alibaba	9.4%	China Energy Engineering	6.1%
China Communications Construction	6.2%	China Railway Engineering	4.3%
Jinko Solar	6.2%	Sinosteel	2.6%
		Shandong Gaosu, China Communications Construction	2.6%
		China Energy Engineering, China Minmetals	2.2%
		China National Petroleum Corp. (CNPC)	2.2%
		China National Machinery Industry (Sinomach)	2.1%
		China Minmetals	1.9%
		China National Building Material	1.4%

Source: Wang (2022: 17).

By investing in BRI countries, Chinese SOEs extend their value-chain. They are pressured to act in accordance with local regulations and laws. To meet their stakeholders' expectations, the enterprises are driven to perform localised human resource management as a strategic CSR policy (ibid.: 52).

The CSR policy is gaining attention within Chinese SOEs. Overseas CSR practices are integrated in nearly 80% of the reports of Chinese SOEs (SASAC 2019b). According to SASAC Secretary General Peng Huangang, "President Xi Jinping said that the most competitive and vigorous enterprises are those that actively undertake social responsibility, pointing out the requirement for Chinese central SOEs to actively fulfil their social responsibilities and create social value" (SASAC 2019c). The SASAC monitors the Corporate Social Responsibility of SOEs involved in the BRI and points out the importance for Chinese SOEs to meet CSR guidelines. As they involve all aspects of the economy and people's liveli-

hoods, they have the responsibility to meet their CSR. The SASAC provides some measures to meet CSR which includes complementing the system and enforcing inter-enterprise communication and international cooperation (SASAC 2016). Although the recommendations include protecting the legal rights of employees, the topic of gender equality is not mentioned specifically. In addition, the SASAC does not provide a clear guideline on how and what Chinese SOEs should do to act in accordance with CSR. According to the Chinese Academy of Social Sciences (CASS), in 2017, 36% of state owned MNEs involved in the BRI did not have an established CSR management system (CASS 2017). However, Chinese state-owned MNEs involved in the BRI are the main implementers of social responsibility in order to improve the country's overseas image (Cheng 2016). The BRI is led by the Chinese central government and thus perceived as a formal institutional force (Li et al. 2019). Under high coercive isomorphism pressure from the government, Chinese state owned MNEs are forced to fulfil the CSR requirements set by the government. In addition, state owned SOEs are more pressured through isomorphic pressure since their practice is reported and they are praised as role models on the official government website or in official media (Yang et al. 2020: 6ff.). It seems reasonable to assume that public companies with a code of good corporate governance are more sensitive to CSR issues and pay more attention to the topic of gender equality.

4.1 Gender Equality Through the BRI's SOEs

Given their position between meeting economic targets and their task to provide public goods, public enterprises have a special role model function. Public employees shape the realisation of political goals and represent "the human face of the state" (Keppeler 2021). For this reason, they should exemplify public values to protect the democratic system and the rule of law. Public organisations should mirror the general population in terms of race, ethnicity and gender in equal terms within their workforce. SOEs should help the population as a whole and benefit society by providing its needs (ibid.). Public authorities must ensure gender-equal hiring practices not only in bureaucratic administration but also in the public enterprises they own. Thereby, SOEs have a special role model

function regarding social values, which includes the topic of gender equality (Papenfuß et al. 2021).

In the same manner as SOEs are given a special role model function, the BRI and China also have a role model function. The BRI is perceived as development and hope for a variety of economies (Li et al. 2019). The initiative has attracted growing attention and is observed by the whole world. For this reason, the BRI should protect the rule of law, following the commitments China has made in terms of gender equality by ratifying relevant human right treaties such as the International Convention on the Elimination of All Forms of Discrimination (CEDAW) and the International Convention on Economic, Social and Cultural Rights (CESCR). In addition, China is a member of the UN and therefore has to follow the United Nations Department of Economic and Social Affairs Sustainable Development Goal No. 5 to achieve gender equality and empower all women and girls (Lu et al. 2018: 45ff.). As the BRI promotes itself to be an open platform for cooperation with shared benefits (Xi 2017), it must ensure the inclusion of the general population in terms of race, gender and ethnicity. The CSR policy of Chinese SOEs should thus include the issue of gender equality and be reported transparently.

Assuming that talent is randomly distributed between men and women, it is statistically evident that nearly half of the talented workforce is female since the gender distribution in the world population is nearly equal (United Nations 2019). Several studies have shown that gender diversity in teams not only brings a reputational gain on the market but also can lead to better performance of the company. Gender diversity is defined as the degree to which organisations are heterogeneous in terms of the gender of their members (Boerner et al. 2012). Diversity management in public organisations is positively correlated to the perception of fairness. Especially female employees define a public organisation as more fair if diversity is controlled (Kim & Park 2015). The perception of a public enterprise as fair shapes the trust in the organisation and helps in human resource management. Gender equality in leadership can have positive impacts on aspects such as innovative capacity, organisational performance and trustworthiness. From a decision-making process, heterogeneous teams can have greater potential for experience, information and perspectives than homogeneous teams, which leads to better decision-making. Since men and women are attributed different weaknesses and abilities, human capital rises within diverse teams (van Knippenberg &

Schippers 2007). Nevertheless, what needs to be considered is that the cause of social categorization risks creating in and outgroups between men and women that can lead to poorer performance (Boerner et al. 2012: 42). A major part of literature reviews on gender diversity and organisational performance arrives at inconsistent results with some studies identifying positive results whereas other studies show no impact or a negative relationship between gender diversity and organisational performance (Terjesen et al. 2009; Shore et al. 2009). It becomes clear that a direct connection cannot be taken for granted. Instead, moderator variables like the duration of the team cooperation and organisational influencing factors need to be considered (Boerner et al. 2012). However, it becomes clear that gender diversity within teams can lead to a more successful outcome (e.g., Credit Suisse Research Institute 2016; Peterson Institute for International Economics 2016; Hunt et al. 2018; Opstrup & Villadsen 2015). Therefore, it would be very beneficial for the BRI to include more female leaders so as to enhance performance.

As presented above, there is a huge lack in gender issues along the Belt and Road Initiative. Although the Initiative is not only an economic project but also includes soft power mechanisms, the issue of gender equality is highly under-represented. China's foreign aid supports medical assistance programs and emergency medical aid and can have a great impact on the host society. The BRI is mainly viewed as a policy and economic incentive, but it has a great institutional context as well. The institutional environment shapes organisational behaviour (Li et al. 2021). Thereby, the BRI can provide fundamental changes in institutional dimensions such as human resource management and Corporate Social Responsibility, which also includes the aspect of gender equality.

The following section will explain how the BRI could integrate gender equality policies within its strategies to act in accordance with its human rights obligations. This is done by providing examples from German public enterprises. Both the BRI and German public enterprises are considered to have a role model function within the topic of gender equality, and benefit in economic terms from gender diverse boards. This part transfers the German answer towards more gender equality with self-regulation mechanisms to China and the BRI.

4.2 *The German Public Corporate Governance Code as an Answer to Gender Equality*

In 2002, Germany invented a Corporate Governance Code with recommendations for good corporate governance. This Code mainly addresses listed enterprises and was invented to make the rules for corporate management and supervision applicable in Germany comprehensible and transparent for both national and international investors (Deutscher Corporate Governance Kodex). To live up to its exemplary function, some German cities have implemented a Public Corporate Governance Code, especially for the public sector. These Codes are a set of principles to ensure responsible and sustainable leadership in public companies. They deal as a self-regulation mechanism to increase accountability. The focus lies hereby on the development of targets (financial targets, human resource targets, etc.) (Papenfuß 2019: 320-324). An essential feature is the “comply or explain” mechanism. The Code provides targets and measures as guidelines, but sometimes they do not fit every company or cannot be reached due to enterprise-specific requirements. In this case, the company doesn’t have to follow the Code but can deviate from its recommendations. However, the company has to publish and explain why it does not meet the Code regulations (Papenfuß & Schmidt 2020: 118). These Codes include guidelines for good governance in general but can address the issue of gender equality in recruitment and composition of the top management and the supervisory board. The implemented Codes differ greatly in their configuration. That’s why the implementation of a Public Corporate Governance Sample Code (“Musterkodex”) was necessary. This provides a “toolkit” (Papenfuß 2019: 121) which can be adapted to the different cities and companies (ibid.). This Sample Code includes the recommendation for public enterprises to work towards a balanced ratio of men and women on their boards. In addition, it points out the necessity of diversity by appointing members to top management (Expert Commission D-PCGM 2021, para 106). The transparency of the Code is also important. Since the Codes serve as voluntary self-regulation, they need some external pressure from peer groups to be effective (bandwagon effect) (Mensi-Klarbach et al. 2021).

Mandatory regulations are often regarded as inefficient and harmful to the competitiveness of a company (Dean & Brown 1995; Kim et al. 2017). By voluntary self-regulation, companies can gain legitimacy and favour-

able treatment from stakeholders (Delmas & Toffel 2008). In contrast to mandatory regulations, self-regulation differs from prescriptive relations between governments and businesses (Lad & Caldwell 2009: 71). Thereby, self-regulation relies heavily on peer pressure and can be regarded as soft power (Boddewyn 1989: 24).

However, other studies have also shown that voluntary programs are used for free-riding and do not meet minimum standards, merely providing symbolic improvements (King & Lenox 2000). To show the effectiveness of self-regulated Corporate Governance Codes on gender equality, the following chapter will provide some evidence from German public enterprises.

As written in the Analects of Confucius:

“Guide them with policies and align them with punishments and the people will evade them and have no shame. Guide them with virtue and align them with li and the people will have a sense of shame and fulfil their roles” (Eno 2015: 5).

4.3 Public Corporate Governance Codes for Chinese Enterprises

As Chinese SOEs have a huge effect on the BRI and are able to shape CSR policies this paper proposes to include the aspect of gender equality within Chinese CSR guidelines to close the gender gap. This can be done by implementing a Public Corporate Governance Code within Chinese SOEs. As the example of Germany shows, such Codes, via self-regulation mechanisms, can be an effective tool to deal with the issue of gender inequality. By analysing the representation of women in top management in the public companies of eight German cities, it could be shown that the cities with a Public Corporate Governance Code outperform those without such a Code within the same federal state (Table 2). The data included three western German federal states Baden-Württemberg, Hessen und Niedersachsen as well as two eastern German federal states Mecklenburg-Vorpommern und Sachsen-Anhalt. Thereby, the northern and the southern part of Germany was included. From each federal state two cities, one with a Public Corporate Governance Code and one without were analysed with regard to their differences. The public enterprises of the

single cities were identified by the cities' 2019 participation reports (Hahn 2022).

*Table 2: The Effectiveness of Self-Regulation Codes – German Cities and the Representation of Women in Public Enterprises
(Highlighted in Grey = with Public Corporate Governance Code)*

City	Federal State	Number of public companies	Number of positions	Number of Women	Percentage of women in regard to positions	Percentage of companies with at least one woman
Offenbach	Hessen	14	16	6	37,50%	42,86%
Kassel	Hessen	27	41	8	19,51%	25,93%
Magdeburg	Sachsen-Anhalt	42	38	12	31,58%	26,19%
Dessau Roßlau	Sachsen-Anhalt	22	38	4	10,53%	18,18%
Rostock	Mecklenburg-Vorpommern	24	32	11	34,38%	45,83%
Stralsund	Mecklenburg-Vorpommern	14	16	4	25,00%	28,57%
Oldenburg	Niedersachsen	18	17	3	17,65%	16,67%
Braunschweig	Niedersachsen	29	31	4	12,90%	13,79%
Stuttgart	Baden-Württemberg	26	36	5	13,89%	19,23%
Heidelberg	Baden-Württemberg	21	15	0	0%	0%

Source: Own table.

By implementing a Sample Code for Chinese SOEs, China could increase its legitimacy in the host countries along the BRI even more. In addition, as studies have shown, gender equality within leadership positions also leads to better financial performance (Peterson Institute for International Economics 2016; Credit Suisse Research Institute 2016; Ostrup & Villadsen 2015).

Taking into account the number of Chinese SOEs involved in the BRI (Wang 2022), the impact of the implementation of a Corporate Governance Code with Best Practice standards is huge. As central drivers, these companies are able to make a real change in the CSR policy of the BRI adding a gender perspective and striving towards an equal balance between men and women. By investing in BRI countries, China has to abide by the laws of the host country and has no right to enforce Chinese law. However, by providing Chinese SOEs investing in BRI countries with a Public Corporate Governance Code for good governance, the SOEs are able to integrate compliance mechanisms without interrupting local law. As the Code is based on a self-regulation mechanism, the SOEs have the responsibility to integrate the measures set in the Code but are otherwise able to deviate from the recommendations. The “comply or explain” mechanism allows a deviation as long as the enterprise explains in a transparent report why it does not follow the guidelines. Therefore, especially for BRI policy, such a Code is an effective tool since it is adaptable to different countries along the BRI and their culture and policies. Therefore, the BRI could push the countries along its road towards gender equality via self-regulation mechanisms without introducing mandatory quotas and interrupting the policy of the host country. Through such an implementation, the Initiative could gain legitimacy from other countries and form a more trustful relationship.

By implementing a self-regulation Code within the BRI policy, the Initiative would be able to provide fundamental changes within the organisational context. In the same way as public enterprises have a special role model function, the BRI acts as role model too. As the biggest infrastructure project in history, the BRI is watched by the whole world. China can use the BRI as a flagship project to make fundamental changes and be more than just an economic project and a policy incentive. One point for the implementation of a good governance code could be the gender-neutral appointment of women to leadership positions in Chinese SOEs investing in the BRI. In addition, the Code could recommend a quota for

women in leadership positions. Enterprises which do not meet this recommendation because of the national culture of the host country, could explain this transparently in an open report. In so doing, they would show awareness of gender-equal practices but could explain in a transparent manner why it is not possible to meet a specific target. Furthermore, by publishing the report, Chinese SOEs are able to influence companies in the host country to encourage them to take a position on gender equality and gender-neutral hiring practices as well.

Contradicting some prejudices concerning self-regulation mechanisms, evidence from the German context has shown their efficiency in achieving their planned outcomes. However, the Codes differ widely in their configuration. Some Codes only state that an equal balance between men and women should be considered while others give clear percentages on how high the representation of women at the top-management level should be. For this reason, the implementation of a Sample Code is necessary to provide some guidelines. The countries along the BRI differ greatly in terms of their economic, social and political situation. Therefore, by providing investment, China has to have good knowledge about the gender equality situation in each country to avoid making the situation worse. Otherwise, the negative social impacts of China's investments can rise to the political level putting the BRI itself into question (Lu 2019: 464). That's why self-regulation mechanisms such as a Code of Good Practice are an effective tool to guide the countries in the right direction but still let them regulate their standards on their own. The Overseas Investment Management Regulations of the Ministry of Commerce of the People's Republic of China state:

“an enterprise should require the overseas enterprise in which it invests to comply with the laws and regulations of the investment destination, respect the local mores, fulfil social responsibilities, and effectively conduct environmental protection, labour conservation, corporate culture development and other work, to promote its integration into the local culture.” (Ministry of Commerce of the People's Republic of China 2014)

Thereby, China adds a social responsibility component to its overseas investments. By providing a Code for gender issues, China could live up to its responsibilities.

To conclude, this part provides a solution to add a gender perspective and a gender policy to the BRI. Following the example of a Code of

Good Governance like the Public Corporate Governance Code that German public companies have implemented, the gender gap can be reduced. As a self-regulation tool, such a Code gives some guidance but can be adapted to different situations and places. By adding a gender policy to the BRI, China could increase its soft power influence and gain legitimacy and improvements towards gender equality in highly unstable countries. In its role model function and commitment towards more gender equality, the BRI is obliged to promote and protect gender equality. The data has shown a positive picture in Germany and could therefore have a positive impact in the Chinese SOEs as well. However, the actual effects could not be measured since Chinese SOEs have not yet applied such a Code. Therefore, this chapter is a proposition for solving gender issues along the BRI. But what needs to be taken into account is that German and Chinese SOEs differ in some characteristics. Therefore, the effectiveness for Chinese SOEs including a Corporate Governance Code could vary from the huge impact they are able to provide in Germany. SOEs in Germany are generally smaller than Chinese public companies. In addition, while German SOEs are mainly based in sectors such as energy, transport and healthcare, Chinese SOEs are mainly manufacturing companies. Their proximity to central government allows Chinese SOEs access to certain industries (García-Herrero & Xu 2017:7ff). Nevertheless, both Chinese and German SOEs are influenced by political and public issues as they provide the people with the critical infrastructure they need. In both countries SOEs play a crucial role and politically responsible players are able to exert their influence, in Germany, for example, on supervisory boards (Papenfuß & Schmidt 2020: 9), while in China this is through the election process of SOE managers, which is still quite political (García-Herrero & Xu 2017: 8f.). Thereby, they can promote corporate governance guidelines including gender issues.

5. *Conclusion*

This chapter focused on the BRI not only as an economic project but also as a soft power mechanism including norms and values. When doing business, a responsibility for society as a whole must be guaranteed. Culture is one of the most important and natural forms of contact. The BRI acts as an umbrella for a people-to-people relationships and cultural exchange

between China and the rest of the world. As an idea, bridging the developed world, China and the developing world, the BRI will increase cultural complexity. Gender (in)equality is one example of a shared interest and commonality in the cultural heritage shared by all human civilization. China has ratified significant treaties emphasising the importance of gender equality. In addition, the BRI promotes itself as a project for the people including all ethnicities and genders. However, the BRI lacks a gender policy guaranteeing equal rights for men and women. As the analysis has shown, especially educational centres, which are a main source of cultural exchange, do not deal with the topic of gender equality in regard to the exchange with the BRI. The Polish and German educational centres analysed seem to be afraid of this cultural exchange. Nonetheless, we need to open up to the cultural change which comes through trade. Cultural diversity becomes the new normal. Therefore, we need to open up to dialogue rather than ignore building commonalities and discussion.

However, we must keep in mind that values can mean different things to different cultures. They give an idea but cannot tell us what to do. As we have seen, the implementation of a Corporate Governance Code can be an effective tool to enhance gender equality in business. The implementation of such a Code could provide a space for dialogue since the Code is based on self-regulation mechanisms and can be adapted to different situations. China would gain legitimacy and live up to its expectations as a role model. But, cultural values cannot be taken for granted. There is a need for cooperation to open up to new perspectives, both for China and for the rest of the world, to understand commonalities and deal with issues which affect all human beings. This chapter has shown that educational centres as the first step in a professional life have to focus more on gender equality to increase cultural exchange. This can provide important guidelines for labour activity and sensitivity for the importance of gender issues in professional life in public enterprises and leadership positions. Including more cultural diversity within educational centres opens up new perspectives and serves as a basis to transfer this cultural diversity to leadership positions. Thereby, this paper suggests increasing cultural exchange between the BRI and Poland and Germany to provide more sensitivity for gender issues in professional life. By beginning at the first educational step in life, children are raised with more openness to the topic of gender equality. Thereby, when they become professionals, they are more sensitive to measures such as a Corporate Governance

Code and will introduce good governance mechanisms in public enterprises and shape the economic and political area. This increases the legitimacy of China and the BRI and lives up to its role model function.

We conclude that the Chinese offer for discussion should be taken into account. There is a need to create commonalities, otherwise cooperation cannot be made possible. We need to deal with cultural diversity as the new normal and enter into dialogue, even if the outcome is a comprehensive assumption that we cannot agree.

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Part III

Transcultural Learning and Experiences

The Interdisciplinary Power of Art

A Conversation on the Art Project of the Transcultural Leadership Summit 2020

Harald F. Müller and Julika Baumann Montecinos

This short text draws on a conversation between Harald F. Müller and Julika Baumann Montecinos following the Transcultural Leadership Summit 2020 on “New Silk Road(s) – New Perspectives for Europe?”. Harald F. Müller is an artist who works with photographic images and colour concepts. He places picture objects, photographs mounted on aluminium plates, with wall paintings in the room and combines colour spaces and sculptures with architecture. He designs his projects mostly for public spaces, public buildings, museums, schools and universities. In 2016, Harald F. Müller moved into his ‘stratozero’ (stratozero.net), where he works with other artists, architects, academics and students and opens up this workspace for interdisciplinary exchange. At Zeppelin University, he significantly contributed to the color concept of the ZF Campus. With blackboard paint on the outsides of the interior seminar rooms, the campus offers large communication areas in the foyer that can be repeatedly rewritten with chalk. Harald F. Müller used these spaces for academic and interdisciplinary exchange with the participants of the TLS project. Julika Baumann Montecinos was project manager of the Transcultural Caravan from 2016 to 2021. She accompanied the art project from the start.

Julika Baumann Montecinos: Since its beginnings, the Transcultural Leadership Summit has been grounded in the idea of interdisciplinarity in the sense of providing learning opportunities and practicing cooperation across boundaries. By connecting and combining different disciplinary

perspectives, the ambition has always been to enable the description and productive handling of complex global issues and to offer student participants, experts and practitioners a platform for multifaceted, mutually enriching exchange. Art projects played an important role at several summits, taking up the main topics in a variety of artistic ways and thus offering interpretations of the annual themes that were dealt with, which completed the program of lectures, panel discussions and workshops with an artistic dimension. Against this background, we invited you, Harald F. Müller, as an artist and lecturer, to lead the art project of the Transcultural Leadership Summit 2020 on European Perspectives on the New Silk Road(s). You conceptualized and implemented this with a student team, and engaged the conference attendees to participate during the event. Can you briefly describe the process and the design of the project?

Harald F. Müller: Originally, it was planned that the group of students involved in the art project would visit me in my art studio named Stratozero to come together and brainstorm options for becoming creative at the Zeppelin University Campus on the overall subject of the New Silk Road(s). My art studio is a place of interdisciplinary thinking and communicative border crossings. Janet Cardiff's Ittingen Walk at Kartause Ittingen (Charterhouse Ittingen)¹ demonstrated how art uses language and offers the artist the opportunity to get involved as a partner in inquiry-based learning. Talking about the process of the art project, the students discovered Pamela Rosenkranz's performances² during their research, which was supplemented with examples of DJ culture.

Due to the Covid-19 situation, our meetings took place mainly in digital conferences, so we decided to mirror our digital process and started to work on ideas of an art project that can be experienced digitally by every participant or speaker at the summit regardless of where they live. To give everyone the opportunity to not only experience our project, but also to be able to become active and contribute an idea, the possibility to raise and integrate a thought or a statement to the overall panorama became very important to us, and we looked for appropriate forms and formats of representation. Finally, we decided to work on a video presentation and a project on the black panel walls on the campus.

¹ Kunstmuseum Thurgau 2005.

² Chin 2015.

Different languages of art such as poems, sound collages, film collages and photo collages were connected with instrumental music with the overall subject of transformation and cultural diversity along the New Silk Road(s). These different languages of art were brought into a video form, which contained a recorded poem, a slide show of pictures that were taken along the New Silk Road, as well as drawings and fragments of transcultural theory as a basic principle of the summit. This video was then shown and streamed as a video presentation to the online audience during the summit. The languages of art were not adapted or copied, but used as a motivational source with great interdisciplinary power to express our thoughts related to the topic of the summit during the process.

In the second part of our art project, we drew on the black panel walls on the campus of Zeppelin University, which was planned as an on-location project involving all conference participants. In this building, in collaboration with the architects, the exterior walls of the lecture rooms had been made usable for analogue communication, thus offering a point of contact for the communication and transformation processes such as those in this project. One team member collected conference terms, which were firstly written on small paper boats by the participants and then applied to the blackboard walls by four students representing the conference participants and illustrating the communicative debate, thus connecting lines, communication and networking.

Julika Baumann Montecinos: Talking about connections, the Transcultural Leadership Summit aims to provide an opportunity for scholars, practitioners and students from around the world to exchange ideas about the conditions for success in cooperation and leadership across cultural boundaries. In doing so, the conference attempts to realize and make tangible what we have described with the 3-step model of transcultural learning (Baumann Montecinos 2022; Wieland 2019): According to this model, the first step is about recognizing cultural complexity, which can include generalizing intercultural knowledge about specific groups, and thereby emphasizes the importance of a non-normative attitude. Such an attitude entails not judging too early, but trying to listen, observe, analyse, and learn from local and context-specific expertise. On this basis, the second step focuses on identifying existing commonalities in order to engage in dialogue, interaction, and shared experiences. Finally, in the third step, new commonalities can be developed from shared practice and

thus the cooperation corridor can be expanded. The idea that it is not a matter of identity, but rather of a sense of belonging to a community of practice, seems to be central here. How such a community of practice can take shape and succeed is one of the questions that the Transcultural Leadership Summit as a transcultural laboratory would like to contribute to understanding and answering. How did you personally experience this event, and what do you see as the role of the art project?

Harald F. Müller: Well, the question that lay at the base of our project was: Why do we use art? In my opinion, art opens your view across cultures and, by doing so, opens your mind for an encounter with different cultures. Art knows no right or wrong. Art is a system beyond rules, it is abstract and has real flexibility. Art is associative, does not proclaim truths, opens through its ambiguity. It is an invitation to go on, to make one aware of things, to develop an open feeling for them. This is only possible when participants implement their own ideas and forms of communication into their own project. The artists take a step back, they set processes in motion that lead to independent thinking and stimulate an individual search for forms of expression.

Art means moving in free spaces and using free spaces. By getting to know artistic practices, one learns to admit other ideas and also to respect different ideas. Art opens and broadens the view in different directions. In our art project, images, space, objects, music and colours interacted with each other and created a multidisciplinary input to the overall topic of the New Silk Road(s). With our art project, we made a contribution to the Transcultural Leadership Summit by encouraging reflexion on the different lectures and thoughts that were shared during the event. I think, with our video presentation, we also contributed to a discussion about how art can be made tangible and can be experienced with the different technological opportunities to which we all have access.

I think that it is important to offer role models of thought and communication for interdisciplinary exchange and contribution. In doing so, it is not about an absolute truth, but about multi-layered explorations, experiences and discoveries of our world. The artist is an interdisciplinary partner who accompanies the process, motivates, accompanies the discovery. Ultimately, it is about understanding, about new perspectives. This can be practiced and learned, just as much as the open listening that every

collaboration requires. It remains true: “The mote in the eye is the best magnifying glass” (Adorno 2002: 64).

Julika Baumann Montecinos: The Transcultural Caravan, of which the Transcultural Leadership Summit is a project, sees itself as a “hub of global thinking”, from which learning journeys can start and into which they can lead. In 2020, these learning journeys related to European perspectives on the New Silk Road(s). What do you see as the relevance and the potential of such a hub today?

Harald F. Müller: It has become clear that the Western view of Asia is often one-dimensional. The relevance and potential of such a “hub of global thinking“ is to open up the view to a multilateral world where we can develop an understanding for diversity and space and thus recognise the challenges, opportunities but also the risks that come with the complexity of our multilateral world. These thought-provoking opportunities are important. Art is always a form of cultural expression and, thus, offers opportunities to try to understand different cultures and to open up the gaze as an attitude. For this, communication and exchange are indispensable.

The black panel walls offered us a process-oriented artistic action, in our case handwriting and designing the black panel walls as a basis for communication with other participants, students and scholars at Zeppelin University. Once we had made a start, thinking in large spaces, time, contexts, networking and globalisation became possible on the black panel walls – and we were able to approach answers to questions such as: What are the conditions for prosperity? What is multilateralism? How can we think out of the box in the context of the New Silk Road(s)? How far do we open up to a different point of view and remain able to act together?

By observing ourselves, participation enables explorative learning. The narrow European view could be opened up to a more global view. Truly global thinking also requires one to leave one’s own comfort zone, enrich one’s standpoint and engage in real exposure to different perspectives. With art as a form of research and expression, the possibilities of communicating and thinking further can be explored. Art and culture are the essential expressions of societies. Cultures can be explored through art and the chosen forms of expression. Art opens the view for the multi-perspective, and I think that this is one of the aspects that such a “hub of global thinking” is all about.

Julika Baumann Montecinos: In this spirit, our learnings from the summit and its arts project could be considered as an invitation to reflect on the potential of open exploration and expression, and thus on the power of interdisciplinarity. Above all, we are grateful that such experiences are possible – even in a virtual or hybrid setting.

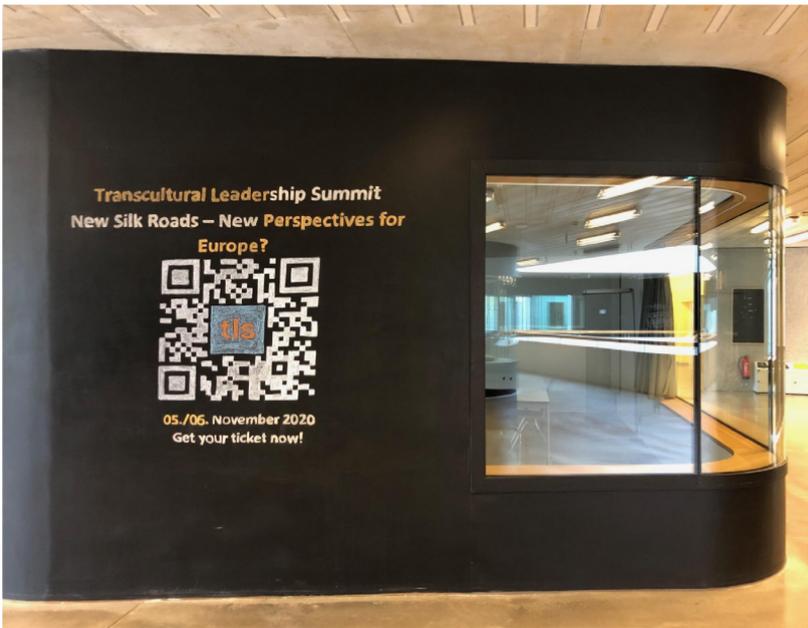
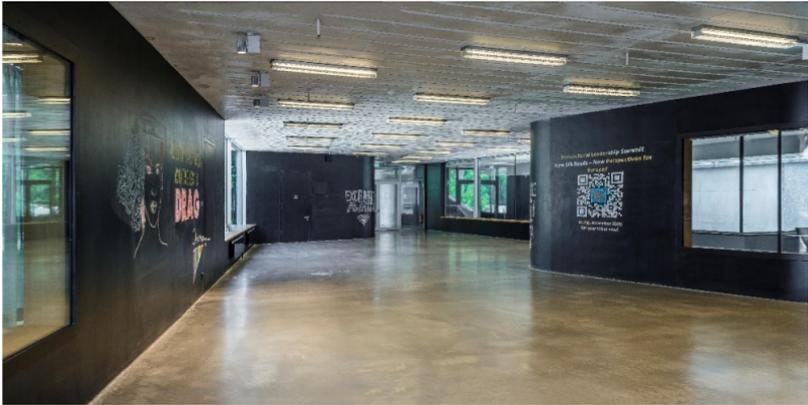
Credits

Pictures 1 and 3: Zeppelin University | Guido Kasper

Pictures 2 and 4: Harald F. Müller







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